

**Date and Time:** Monday 30 September 2024 23:58:00 CEST

**Job Number:** 234829162

**Documents (100)**

1. [*Russia : Krasnodar Territory and Adygeya media highlights 23-29 Oct 17*](https://advance.lexis.com/api/document?id=urn:contentItem:5PWP-7261-DYRV-340X-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** strategic and interventions or strategic and programs or strategic and plan or strategic and producer or interventions and programs or interventions and plan or interventions and producer or programs and plan or programs and producer or plan and producer

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

2. [*- CF Industries Announces Pricing of Tender Offer for 7.125% Senior Notes Due 2020*](https://advance.lexis.com/api/document?id=urn:contentItem:5R8K-BT11-F0K1-N1NW-00000-00&idtype=PID&context=1516831)

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3. [*Grupa Azoty in 2017: higher revenue and EBITDA Plastics continue as drivers of improving performance*](https://advance.lexis.com/api/document?id=urn:contentItem:5SF0-HWX1-JDVR-0235-00000-00&idtype=PID&context=1516831)

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4. [*Pakistan - Q3 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5NJM-TMS1-JD33-J1XR-00000-00&idtype=PID&context=1516831)

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5. [*Ukraine : Donetsk Region media highlights 15-21 Jul 17*](https://advance.lexis.com/api/document?id=urn:contentItem:5P4C-YKR1-DYRV-324G-00000-00&idtype=PID&context=1516831)

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6. [*Crucial agriculture bill tabled*](https://advance.lexis.com/api/document?id=urn:contentItem:5NVW-WXR1-F15K-22CR-00000-00&idtype=PID&context=1516831)

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7. [*Porcine Vaccines Market to Reach US$ 3,208 Mn by 2025, Says TMR*](https://advance.lexis.com/api/document?id=urn:contentItem:5S39-C331-DXP3-R047-00000-00&idtype=PID&context=1516831)

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8. [*Ghana's construction sector to rebound in 2018 as oil prices improve*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-7442-00000-00&idtype=PID&context=1516831)

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9. [*M and A Navigator: Deal pipeline ""3 May*](https://advance.lexis.com/api/document?id=urn:contentItem:5S7V-GGH1-JD3Y-Y2GR-00000-00&idtype=PID&context=1516831)

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10. [*PTT eyes $4bn spend Thailand 's flagship petrochemical group plans large investment as part of country's economic diversification programme which aims to expand downstream into more sophisticated sectors*](https://advance.lexis.com/api/document?id=urn:contentItem:5PW6-F4V1-DYX4-72JF-00000-00&idtype=PID&context=1516831)

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11. [*Pakistan - Q4 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5P58-J311-JD33-J04W-00000-00&idtype=PID&context=1516831)

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12. [*- Monsanto Company Delivers Solid Third Quarter as It Looks to Close Out Fiscal Year 2017 with Return to Growth*](https://advance.lexis.com/api/document?id=urn:contentItem:5NX0-G271-F0K1-N3N9-00000-00&idtype=PID&context=1516831)

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13. [*Washington: The Month in U.S - China Relations (April 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5S7V-RGB1-F0YC-N3HR-00000-00&idtype=PID&context=1516831)

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14. [*Morocco Monthly Briefing March 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5T3H-P8T1-JC8V-438Y-00000-00&idtype=PID&context=1516831)

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15. [*REGULAR PRESS BRIEFING BY THE INFORMATION SERVICE 06 April 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5S23-H7T1-JDG9-Y1HW-00000-00&idtype=PID&context=1516831)

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16. [*External Position Key Source Of Stability*](https://advance.lexis.com/api/document?id=urn:contentItem:5PVJ-4611-JD33-J3C4-00000-00&idtype=PID&context=1516831)

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17. [*Leaf Clean Energy Company Final Results*](https://advance.lexis.com/api/document?id=urn:contentItem:5PKR-24P1-JCXB-230X-00000-00&idtype=PID&context=1516831)

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18. [*- Syrah Resources Limited - December Quarterly Activities Report*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJG-8V01-JD3Y-Y16J-00000-00&idtype=PID&context=1516831)

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19. [*How Growing EV Market Demands Will Hoist Manganese Out From Lithium's Shadow USA News Group News Commentary*](https://advance.lexis.com/api/document?id=urn:contentItem:5R2H-FTJ1-DXP3-R2W0-00000-00&idtype=PID&context=1516831)

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20. [*- Monsanto Chief Technology Officer Highlights Strong Demand for Latest Innovations at Farm Progress Show*](https://advance.lexis.com/api/document?id=urn:contentItem:5PC6-NMM1-JD3Y-Y3RB-00000-00&idtype=PID&context=1516831)

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21. [*CBD Solid Bedrock as US Heads Back to Industrial Hemp Roots*](https://advance.lexis.com/api/document?id=urn:contentItem:5SD8-4S51-JB72-14PG-00000-00&idtype=PID&context=1516831)

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22. [*Argentina - Q4 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5PPD-G3H1-JD33-J0X0-00000-00&idtype=PID&context=1516831)

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23. [*Register of Commission documents:REPORT on the deployment of cohesion policy instruments by regions to address demographic change Document date: 2017-10-23 P8\_A(2017)0329 Reports*](https://advance.lexis.com/api/document?id=urn:contentItem:5R5J-9J41-JDG9-Y34F-00000-00&idtype=PID&context=1516831)

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24. [*- Cisco and network of partners to help address digital divide in the UK with 5G for rural communities*](https://advance.lexis.com/api/document?id=urn:contentItem:5S12-CXR1-JD3Y-Y25M-00000-00&idtype=PID&context=1516831)

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25. [*Sino Agro Food, Inc. Reports Q3 2017 Results*](https://advance.lexis.com/api/document?id=urn:contentItem:5PYJ-69C1-F0NJ-D23H-00000-00&idtype=PID&context=1516831)

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26. [*Governments must raise, not cut, funding for food security*](https://advance.lexis.com/api/document?id=urn:contentItem:5PX2-N3G1-JCM7-G31M-00000-00&idtype=PID&context=1516831)

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27. [*Argentina - Q1 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5PXF-VPD1-F0J5-804F-00000-00&idtype=PID&context=1516831)

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28. [*Doesn't Mundell have a day job to do?*](https://advance.lexis.com/api/document?id=urn:contentItem:5NW8-5NM1-F0JC-M0KG-00000-00&idtype=PID&context=1516831)

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29. [*Council of the European Union: Thirteenth meeting of the Conference of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (Geneva, 24 April–5 May 2017) Eighth meeting of the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Geneva, 24 April–5 May 2017) Eighth meeting ST 9015 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5P2N-7J01-JDG9-Y1PH-00000-00&idtype=PID&context=1516831)

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30. [*BRIEF NEWS BULLETIN NO. 10346*](https://advance.lexis.com/api/document?id=urn:contentItem:5RPH-2201-JDKJ-10TY-00000-00&idtype=PID&context=1516831)

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31. [*BBC World News America - 9:35 PM GMT*](https://advance.lexis.com/api/document?id=urn:contentItem:5S13-9031-JBH6-C3TD-00000-00&idtype=PID&context=1516831)

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32. [*Message in a bullet*](https://advance.lexis.com/api/document?id=urn:contentItem:5S77-FR11-JCF2-24FB-00000-00&idtype=PID&context=1516831)

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33. [*More Protection, Focus on Helping Vulnerable Groups Key to Achieving 2030 Agenda, Speakers Stress, as Social Development Commission Begins Annual Session*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJF-7FY1-F0YC-N28S-00000-00&idtype=PID&context=1516831)

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34. [*- Cisco and network of partners to help address digital divide in the UK with 5G for rural communities*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0C-GPB1-JD3Y-Y0N6-00000-00&idtype=PID&context=1516831)

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35. [*Putin, Macron hold news conference in St Petersburg - transcript*](https://advance.lexis.com/api/document?id=urn:contentItem:5SF6-8KR1-JC8S-C124-00000-00&idtype=PID&context=1516831)

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36. [*Washington: REPUBLICAN STUDY COMMITTEE*](https://advance.lexis.com/api/document?id=urn:contentItem:5PPM-3361-JDG9-Y4V1-00000-00&idtype=PID&context=1516831)

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37. [*M and A Navigator: Deal pipeline ""8 February*](https://advance.lexis.com/api/document?id=urn:contentItem:5RKW-SHD1-JD3Y-Y193-00000-00&idtype=PID&context=1516831)

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38. [*Why finance, not just aid, is the key to dealing with humanitarian crises*](https://advance.lexis.com/api/document?id=urn:contentItem:5PNP-0HF1-F0GS-H0FC-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

39. [*Direct Line with Vladimir Putin*](https://advance.lexis.com/api/document?id=urn:contentItem:5NT1-Y781-F19S-P1Y8-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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40. [*Re-imagining Africa as a Knowledge Economy: Premises and Promises of Recent Higher Education Development Initiatives*](https://advance.lexis.com/api/document?id=urn:contentItem:6BH2-VXY1-JBMY-H41B-00000-00&idtype=PID&context=1516831)

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41. [*FEDERAL REGISTER: International Standard-Setting Activities Pages 42061 - 42072 [FR DOC # 2017-18832]*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHC1-F0YC-N2MK-00000-00&idtype=PID&context=1516831)

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42. [*More Protection, Focus on Helping Vulnerable Groups Key to Achieving 2030 Agenda, Speakers Stress, as Social Development Commission Begins Annual Session*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJF-4371-JDG9-Y27G-00000-00&idtype=PID&context=1516831)

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43. [*Federal Energy Regulatory Commission Issues Letter providing Scoping Document 1 for Hiram Hydroelectric Project under P-2503.Washington: Federal Ener*](https://advance.lexis.com/api/document?id=urn:contentItem:5RHT-6831-JDG9-Y2TK-00000-00&idtype=PID&context=1516831)

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44. [*Putin's state of the nation address - Kremlin transcript*](https://advance.lexis.com/api/document?id=urn:contentItem:5RSD-VD81-JC8S-C54V-00000-00&idtype=PID&context=1516831)

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45. [*Argentina - Q3 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5NDT-BDG1-JD33-J0RK-00000-00&idtype=PID&context=1516831)

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46. [*BRIEF NEWS BULLETIN NO. 10345*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP9-2NH1-JDKJ-13GD-00000-00&idtype=PID&context=1516831)

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47. [*Friends will be friends? External–domestic interactions in EU- Tunisia and EU- Morocco security cooperation after the uprisings*](https://advance.lexis.com/api/document?id=urn:contentItem:67FK-J9Y1-F0C0-31RB-00000-00&idtype=PID&context=1516831)

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48. [*M and A Navigator: Deal pipeline -8 February*](https://advance.lexis.com/api/document?id=urn:contentItem:5RKW-SHM1-F0K1-N3V8-00000-00&idtype=PID&context=1516831)

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49. [*Putin's state of the nation address - Kremlin transcript*](https://advance.lexis.com/api/document?id=urn:contentItem:5S64-BS21-DYRV-30G8-00000-00&idtype=PID&context=1516831)

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50. [*Historical Context of Agricultural Commercialisation in Ghana : Changes in Land and Labour Relations*](https://advance.lexis.com/api/document?id=urn:contentItem:6BH2-VXY1-JBMY-H40T-00000-00&idtype=PID&context=1516831)

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51. [*FEDERAL REGISTER: International Standard-Setting Activities Pages 42061 - 42072 [FR DOC # 2017-18832]*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHC1-F0YC-N2PY-00000-00&idtype=PID&context=1516831)

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52. [*Velocys PLC Final results for the year ended 31 December 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5SD2-5J61-F0CC-S2WG-00000-00&idtype=PID&context=1516831)

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53. [*Global Cloud Seeding Technology Market is Likely to Grow at a considerable CAGR Over the Forecast Period*](https://advance.lexis.com/api/document?id=urn:contentItem:5RG9-KBR1-JD3Y-Y32K-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

54. [*BRIEF NEWS BULLETIN NO. 10370*](https://advance.lexis.com/api/document?id=urn:contentItem:5RWJ-TP11-FJP0-T1WW-00000-00&idtype=PID&context=1516831)

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55. [*- Itronics Reports 2017 First Half Revenue Increase of 28 Percent Operations, Expansion and Diversification Updated*](https://advance.lexis.com/api/document?id=urn:contentItem:5PF4-D591-F0K1-N1M9-00000-00&idtype=PID&context=1516831)

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56. [*Putin chairs state council meeting on regional development - transcript*](https://advance.lexis.com/api/document?id=urn:contentItem:5RDV-5381-DYRV-3170-00000-00&idtype=PID&context=1516831)

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57. [*Washington: EXECUTIVE CALENDAR--Continued*](https://advance.lexis.com/api/document?id=urn:contentItem:5RGP-TH91-JDG9-Y1HN-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

58. [*Washington: EXECUTIVE CALENDAR (Senate - April 11, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5S3C-2VY1-F0YC-N41B-00000-00&idtype=PID&context=1516831)

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59. [*Dam In, Cocoa Out; Pipes In, Oil Out: China’s Engagement in Ghana ’s Energy Sector*](https://advance.lexis.com/api/document?id=urn:contentItem:6BH2-VXY1-JBMY-H3YP-00000-00&idtype=PID&context=1516831)

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60. [*Council of the European Union: Council Implementing Decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta on the application of the Schengen acquis in the field of the common visa policy ST 11326 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5PJP-M1Y1-JDG9-Y3TB-00000-00&idtype=PID&context=1516831)

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61. [*ICRA reaffirms the rating for bank facilities and fixed deposit programme of Desai Brothers Limited*](https://advance.lexis.com/api/document?id=urn:contentItem:5PXJ-H711-JDVR-01K0-00000-00&idtype=PID&context=1516831)

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62. [*Clean Growth Strategy: executive summary*](https://advance.lexis.com/api/document?id=urn:contentItem:5S4M-HGS1-JDG9-Y1B8-00000-00&idtype=PID&context=1516831)

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63. [*FEDERAL REGISTER: Statement of Organization, Functions, and Delegations of Authority Pages 6179 - 6185 [FR DOC # 2018-02821]*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61Y1-F0YC-N0KP-00000-00&idtype=PID&context=1516831)

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64. [*Washington: President proposed $1.0 billion fiscal year 2019 budget for the Bureau of Reclamation*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61R1-F0YC-N18J-00000-00&idtype=PID&context=1516831)

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65. [*Direct Line with Vladimir Putin*](https://advance.lexis.com/api/document?id=urn:contentItem:5NT1-Y781-F19S-P1X7-00000-00&idtype=PID&context=1516831)

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66. [*Brazil 's mega hydro plan foreshadows China's growing impact on the Amazon The government wants to open up the Tapajós basin - an area the size of France - for trade with China. But the indigenous Munduruku won't let it happen without a fight*](https://advance.lexis.com/api/document?id=urn:contentItem:5PMV-2H01-F021-63TT-00000-00&idtype=PID&context=1516831)

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67. [*Plant Growth Chambers Market Worth 485.6 Million USD by 2022*](https://advance.lexis.com/api/document?id=urn:contentItem:5RD4-50W1-JB72-118B-00000-00&idtype=PID&context=1516831)

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68. [*Register of Commission documents: Aquaculture in the EU Document date: 2017-10-03 EPRS\_ATA(2017)608729 At a glance*](https://advance.lexis.com/api/document?id=urn:contentItem:5R2T-0481-JDG9-Y1WM-00000-00&idtype=PID&context=1516831)

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69. [*FEDERAL REGISTER: Statement of Organization, Functions, and Delegations of Authority Pages 6179 - 6185 [FR DOC # 2018-02821]*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61Y1-F0YC-N0H1-00000-00&idtype=PID&context=1516831)

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70. [*Efforts made to modernise Sri Lanka 's industrial sector and open markets*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-72P1-00000-00&idtype=PID&context=1516831)

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71. [*Cushman appoints EMEA head of flexible leasing Cushman & Wakefield has appointed Emma Swinnerton as international partner and EMEA head of flexible leasing solutions*](https://advance.lexis.com/api/document?id=urn:contentItem:5S51-CF51-JCF2-H2F2-00000-00&idtype=PID&context=1516831)

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72. [*A method for designing strategy maps using DEMATEL and linear programming*](https://advance.lexis.com/api/document?id=urn:contentItem:5V6X-0HW1-JB00-30PG-00000-00&idtype=PID&context=1516831)

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73. [*Rise of the modernday land barons Accused of 'the worst features of capitalism' the firms accused of exploiting planning laws are investigated by Isabelle Fraser*](https://advance.lexis.com/api/document?id=urn:contentItem:5P61-GSG1-JBVM-Y4RP-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

74. [*Kremlin publishes transcript of Putin's four-hour phone-in*](https://advance.lexis.com/api/document?id=urn:contentItem:5P27-DW21-DYRV-34DX-00000-00&idtype=PID&context=1516831)

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75. [*Velocys PLC AGM Statement*](https://advance.lexis.com/api/document?id=urn:contentItem:5NVK-XX31-F0CC-S135-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

76. [*- MCIG 's wholly owned subsidiary NYACRES, Projects Over $ 10 Million in Revenue in its first year of operation.*](https://advance.lexis.com/api/document?id=urn:contentItem:5R44-0DR1-JD3Y-Y38H-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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77. [*Council of the European Union: 3556 Agriculture and Fisheries ST 11324 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5PJP-M1Y1-JDG9-Y3T8-00000-00&idtype=PID&context=1516831)

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78. [*Jordan 's energy sector turns focus to private development and renewable resources*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-74X5-00000-00&idtype=PID&context=1516831)

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79. [*South Africa 's growing chorus for land reform*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0M-FH51-F00C-633G-00000-00&idtype=PID&context=1516831)

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80. [*Fair trade and consumer social responsibility*](https://advance.lexis.com/api/document?id=urn:contentItem:5V6X-0HW1-JB00-3066-00000-00&idtype=PID&context=1516831)

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81. [*Creating a strategic enforcement approach to address wage theft: One academic’s journey in organizational change*](https://advance.lexis.com/api/document?id=urn:contentItem:6BH3-3R61-DY41-71MD-00000-00&idtype=PID&context=1516831)

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82. [*São Martinho SA*](https://advance.lexis.com/api/document?id=urn:contentItem:5P46-P391-JD33-J21J-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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83. [*Register of Commission documents: The sheep and goat sector in the EU: Main features, challenges and prospects Document date: 2017-08-31 EPRS\_BRI(2017)608663 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5PRD-4RD1-JDG9-Y48C-00000-00&idtype=PID&context=1516831)

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84. [*Bisichi reports financial results for year ended December 31, 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5S5S-7K01-DYG0-71V7-00000-00&idtype=PID&context=1516831)

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85. [*BRIEF NEWS BULLETIN NO. 10109*](https://advance.lexis.com/api/document?id=urn:contentItem:5NWY-M641-JDKJ-10NR-00000-00&idtype=PID&context=1516831)

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86. [*More strategic investment in Africa's ports can accelerate growth and development by strengthening trade - PwC report*](https://advance.lexis.com/api/document?id=urn:contentItem:5S35-47Y1-JD3Y-Y475-00000-00&idtype=PID&context=1516831)

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87. [*BRIEF NEWS BULLETIN NO. 10320*](https://advance.lexis.com/api/document?id=urn:contentItem:5RGY-SBP1-JDKJ-10F8-00000-00&idtype=PID&context=1516831)

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88. [*OPINION: Hunger games*](https://advance.lexis.com/api/document?id=urn:contentItem:5S2R-VMK1-F17J-S0V1-00000-00&idtype=PID&context=1516831)

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89. [*More strategic investment in Africa's ports can accelerate growth and development by strengthening trade - PwC report*](https://advance.lexis.com/api/document?id=urn:contentItem:5S35-47Y1-JD3Y-Y3XH-00000-00&idtype=PID&context=1516831)

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90. [*College Values Celebration Lunch*](https://advance.lexis.com/api/document?id=urn:contentItem:5S46-MDP1-JDG9-Y4N1-00000-00&idtype=PID&context=1516831)

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91. [*Register of Commission documents: Illicit trade in cultural goods Document date: 2017-07-25 EPRS\_BRI(2017)603259 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5PJP-M1Y1-JDG9-Y3NF-00000-00&idtype=PID&context=1516831)

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92. [*United plans premium economy on the 787-10 E United Airlines will offer its new premium economy product on the Boeing 787-10 when the aircraft is introduced later this year, a seat map for the stretched Dreamliner shows.*](https://advance.lexis.com/api/document?id=urn:contentItem:5S3H-K491-JCF2-H537-00000-00&idtype=PID&context=1516831)

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93. [*Council of the European Union:EU priorities for the third meeting of the United Nations Environment Assembly (UNEA-3) (Nairobi, 4-6 December 2017) - draft Council conclusions = Comments from delegations ST 11917 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5PV5-R5S1-F0YC-N24X-00000-00&idtype=PID&context=1516831)

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94. [*Putin answers questions from children - Kremlin transcript*](https://advance.lexis.com/api/document?id=urn:contentItem:5P3Y-68S1-DYRV-308P-00000-00&idtype=PID&context=1516831)

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95. [*Register of Commission documents:Newsletter - 11-14 September 2017 - Strasbourg plenary session Document date: 2017-09-08 03A-DV-PRESSE\_NEW(2017)09-05(83120) Newsletter*](https://advance.lexis.com/api/document?id=urn:contentItem:5PVD-M6S1-JDG9-Y2G1-00000-00&idtype=PID&context=1516831)

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96. [*Washington: MINNESOTA 'S ECONOMIC RIGHTS IN THE SUPERIOR NATIONAL FOREST ACT*](https://advance.lexis.com/api/document?id=urn:contentItem:5R36-J7R1-JDG9-Y3DW-00000-00&idtype=PID&context=1516831)

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97. [*Washington: TAX CUTS AND JOBS ACT--CONFERENCE REPORT*](https://advance.lexis.com/api/document?id=urn:contentItem:5R78-1NH1-F0YC-N3SJ-00000-00&idtype=PID&context=1516831)

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98. [*Council of the European Union: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 ST 7204 2017 REV 1*](https://advance.lexis.com/api/document?id=urn:contentItem:5R0W-2HC1-JDG9-Y2C1-00000-00&idtype=PID&context=1516831)

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99. [*Council of the European Union: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 ST 7204 2017 REV 1*](https://advance.lexis.com/api/document?id=urn:contentItem:5R0W-2YJ1-F0YC-N4RK-00000-00&idtype=PID&context=1516831)

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100. [*ACACIA MINING PLC - 2017 Interim Results*](https://advance.lexis.com/api/document?id=urn:contentItem:5P2T-39J1-JB72-1173-00000-00&idtype=PID&context=1516831)

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# [***Pakistan - Q4 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P58-J311-JD33-J04W-00000-00&context=1516831)

Pakistan Power Report

October 1, 2017 Sunday

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**Length:** 889 words

**Highlight:** Pakistan's power sector is operated by the Water and Power Development Authority (WAPDA) and Karachi Electric Supply Company (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.

**Body**

Pakistan's power sector is operated by the **Water and Power Development Authority** (WAPDA) and **Karachi Electric Supply Company** (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.In 1992, a ***strategic*** ***plan*** for restructuring the Pakistani power sector was approved by the government. As a part of the process, WAPDA was restructured into 14 public limited companies under corporate law. Progress includes the creation of **Pakistan Electric Power Company** (PEPCO) as a private limited management company owned by the government to steer, manage and oversee the reform ***programme***.

The 14 sub-companies comprise four thermal generators, one national transmission company and nine regional distribution entities.In a bid to accelerate structural reforms in the power sector, the government has decided to establish an entity to consolidate policymaking for all power generation companies for an interim period. The board of directors for the holding company, known as the Central Power Purchase Authority (CPPA), comprises representatives from the government, private generation companies, distribution companies, and end-users. The CPPA replaces Pakistan's main utility PEPCO in the areas of metering billing to, and collection from, the private sector. The CPPA would not have the authority to interfere in the operational independence and financial autonomy of private generation companies. Water And Power Development Authority (WAPDA)

The power arm of WAPDA covers generation, transmission and distribution and has been restructured into 14 public limited companies. These include four generators, namely: **Southern Power GenerationCompany Limited** (GENCO-1) based in the Jamshoro district in Dadu near Hyderabad, Sindh; **Central Power Generation Company Limited** (GENCO-2) based in the Guddu district in Jacobabad, Sindh; **Northern Power Generation Company Limited** (GENCO-3) based in the TPS Muzaffargarh district in Muzaffargarh, Punjab; and **Lakhra Power Generation Company Limited** (GENCO-4) based at the WAPDA headquarters in Lahore.GENCO-1 has installed capacity of 850MW of thermal generation (oil- or dual oil/gas-fired) at Jamshoro and GTPS Kotri has 174MW of dual oil/gas-fired capacity. GENCO-2 has 1.4GW of installed generating capacity fired by gas, fuel oil or diesel. GENCO-3 has 1.3GW of gas/oil-fired plants, plus the dual-fuelled Multan 130MW site and the 190MW Faisalabad complex. GENCO-4 has 120MW of coal-fired capacity at Lakhra.The central transmission entity that operates the national grid is **National Transmission And Power Dispatch Company** (NTDC). There are nine distribution companies: **Lahore Electric Supply Company** (Lesco); **Gujranwala Electric Power Company** (Gepco); **Faisalabad Electric Supply Company** (Fesco); **Islamabad Electric Supply Company** (Iesco); **Multan Electric Power Company** (Mepco); **Peshawar Electric Power Company** (Pesco); **Hyderabad Electric Supply Company** (Hesco); **Quetta Electric Supply Company** (Qesco); and **Tribal Electric Supply Company** (Tesco).The transmission system controlled by WAPDA connects the country's power stations and load centres as a national grid network, with hydropower supply in the north and thermal generators in the middle and south of the country linked to more than 10mn customers nationwide. The NTDC carries out design, maintenance and operation of a network of secondary transmission lines and grid stations throughout the country. This system consists of 50,461km of transmission lines - including 500kV, 132kV and 66kV - and 615 substations, as of 2009. The NTDC also operates and maintains 12 grid stations of 500kV and 26 grid stations of 220kV. Karachi Electric Supply Corporation

Incorporated in 1913, KESC is the only fully integrated power utility operator - with exclusive franchise rights for Karachi and its adjoining areas. Unlike WAPDA, post-privatisation KESC is still an integrated electrical utility company engaged in generation, transmission, distribution and retail supply of electricity to industrial, commercial, ***agricultural*** and residential consumers within its franchised area (6,000 sq km). The company is currently listed on all three of Pakistan's stock exchanges but **Abraaj Capital**, a private equity firm based in Dubai, is the major stakeholder and has full management control.Electricity and gas shortages in Karachi continue to be widespread, as the company remains unable to collect dues from its non-paying customers. This has resulted in a large deficit in its cash flow and inability to secure gas supplies to sell to consumers. The company mortgaged 12 of its grid stations in order to get a loan from a consortium of private firms and banks for five years in 2013.The National Energy Policy 2013-2018, however, includes ***plans*** for the privatisation of public power firms, as well as revamping WAPDA and the other relevant authorities. Despite this, no further details have been released.

**Load-Date:** August 2, 2017

**End of Document**



[***Pakistan - Q3 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NJM-TMS1-JD33-J1XR-00000-00&context=1516831)

Pakistan Power Report

July 1, 2017 Saturday

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**Length:** 890 words

**Highlight:** Pakistan's power sector is operated by the Water and Power Development Authority (WAPDA) and Karachi Electric Supply Company (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.

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Pakistan's power sector is operated by the **Water and Power Development Authority** (WAPDA) and **Karachi Electric Supply Company** (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.In 1992, a ***strategic*** ***plan*** for restructuring the Pakistani power sector was approved by the government. As a part of the process, WAPDA was restructured into 14 public limited companies under corporate law. Progress includes the creation of **Pakistan Electric Power Company** (PEPCO) as a private limited management company owned by the government to steer, manage and oversee the reform ***programme***.

The 14 sub-companies comprise four thermal generators, one national transmission company and nine regional distribution entities.In a bid to accelerate structural reforms in the power sector, the government has decided to establish an entity to consolidate policymaking for all power generation companies for an interim period.The board of directors for the holding company, known as the Central Power Purchase Authority (CPPA), was to comprise representatives from the government, private generation companies, distribution companies, and end-users. The CPPA replaces Pakistan's main utility PEPCO in the areas of metering billing to, and collection from, the private sector. The CPPA would not have the authority to interfere in the operational independence and financial autonomy of private generation companies. Water And Power Development Authority (WAPDA)

The power arm of WAPDA covers generation, transmission and distribution and has been restructured into 14 public limited companies. These include four generators, namely: **Southern Power Generation Company Limited** (GENCO-1) based in the Jamshoro district in Dadu near Hyderabad, Sindh; **Central Power Generation Company Limited** (GENCO-2) based in the Guddu district in Jacobabad, Sindh; **Northern Power Generation Company Limited** (GENCO-3) based in the TPS Muzaffargarh district in Muzaffargarh, Punjab; and **Lakhra Power Generation Company Limited** (GENCO-4) based at the WAPDA headquarters in Lahore.GENCO-1 has installed capacity of 850MW of thermal generation (oil- or dual oil/gas-fired) at Jamshoro and GTPS Kotri has 174MW of dual oil/gas-fired capacity. GENCO-2 has 1.4GW of installed generating capacity fired by gas, fuel oil or diesel. GENCO-3 has 1.3GW of gas/oil-fired plants, plus the dual-fuelled Multan 130MW site and the 190MW Faisalabad complex. GENCO-4 has 120MW of coal-fired capacity at Lakhra.The central transmission entity that operates the national grid is **National Transmission And Power Dispatch Company** (NTDC). There are nine distribution companies: **Lahore Electric Supply Company** (Lesco); **Gujranwala Electric Power Company** (Gepco); **Faisalabad Electric Supply Company** (Fesco); **Islamabad Electric Supply Company** (Iesco); **Multan Electric Power Company** (Mepco); **Peshawar Electric Power Company** (Pesco); **Hyderabad Electric Supply Company** (Hesco); **Quetta Electric Supply Company** (Qesco); and **Tribal Electric Supply Company** (Tesco).The transmission system controlled by WAPDA connects the country's power stations and load centres as a national grid network, with hydropower supply in the north and thermal generators in the middle and south of the country linked to more than 10mn customers nationwide. The NTDC carries out design, maintenance and operation of a network of secondary transmission lines and grid stations throughout the country. This system consists of 50,461km of transmission lines - including 500kV, 132kV and 66kV - and 615 substations, as of 2009. The NTDC also operates and maintains 12 grid stations of 500kV and 26 grid stations of 220kV. Karachi Electric Supply Corporation

Incorporated in 1913, KESC is the only fully integrated power utility operator - with exclusive franchise rights for Karachi and its adjoining areas. Unlike WAPDA, post-privatisation KESC is still an integrated electrical utility company engaged in generation, transmission, distribution and retail supply of electricity to industrial, commercial, ***agricultural*** and residential consumers within its franchised area (6,000 sq km). The company is currently listed on all three of Pakistan's stock exchanges but **Abraaj Capital**, a private equity firm based in Dubai, is the major stakeholder and has full management control.Electricity and gas shortages in Karachi continue to be widespread, as the company remains unable to collect dues from its non-paying customers. This has resulted in a large deficit in its cash flow and inability to secure gas supplies to sell to consumers. The company mortgaged 12 of its grid stations in order to get a loan from a consortium of private firms and banks for five years in 2013.The National Energy Policy 2013-2018, however, includes ***plans*** for the privatisation of public power firms, as well as revamping WAPDA and the other relevant authorities. Despite this, no further details have been released.

**Load-Date:** May 16, 2017

**End of Document**



[***M and A Navigator: Deal pipeline ""3 May***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S7V-GGH1-JD3Y-Y2GR-00000-00&context=1516831)

FinancialWire

May 3, 2018 Thursday

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**Length:** 3468 words

**Body**

The following is a list of deals covered in detail by M and A Navigator this week:

-MOLY-CAP CLOSES ACQUISITION OF DONHAD AUSTRALIAN MINING BUSINESS FROM VALMONT

Australia-based ore-grinding manufacturer Moly-Cop has closed the acquisition of Australian mining consumables business Donhad Pty. Ltd. from Nebraska, US-based Valmont Industries, Inc. (NYSE: VMI), a manufacturer of engineered products and services for infrastructure, and irrigation equipment for ***agriculture***, the company said.

Moly-Cop is a portfolio company of US-based private equity firm American Industrial Partners. Valmont said it ***plans*** to use the proceeds from the sale to reinvest in opportunities to grow and improve its existing infrastructure and ***agricultural*** businesses.

Status: Closed

-KNAUF 'ENCOURAGED' THAT USG BOARD AUTHORIZED MANAGEMENT TO ENTER INTO BUYOUT TALKS

The board of German building products maker Gebr. Knauf KG is "encouraged" that US-based building products manufacturer USG Corp.'s (NYSE: USG) board is willing to enter into a confidentiality agreement to facilitate discussions regarding Knauf's USD 42 per share cash offer, the company said on a statement.

This week, USG authorised management to commence negotiations with Germany's Gebr Knauf KG regarding a potential sale of the company. USG's largest shareholder is Warren Buffett's Berkshire Hathaway (NYSE: BRKa). The company's second-largest shareholder is Knauf. In March, USG received a USD 5.9bn takeover bid from Knauf. USG, prodded by objections by Berkshire and two proxy advisors, rejected this bid.

Status: Bidding

-URBAN ONE TO SELL ASSETS OF WPZR-FM RADIO STATION IN DETROIT

US-based media company Urban One, Inc. (NASDAQ: UONEK) has signed a definitive agreement to sell the assets of one of its Detroit, Michigan, radio stations, WPZR-FM (102.7 FM), to Educational Media Foundation, of California, for total consideration of USD 12.7m, the company said.

As part of the deal, Urban One will receive 3 FM translators that service the Detroit metropolitan area, and these signals will be combined with its existing FM translator to multicast the Detroit Praise Network. The closing on the sale of WPZR-FM is subject to customary conditions, prorations and adjustments, including approval from the Federal Communications Commission.

Status: Closed

-ENCOMPASS HEALTH CLOSES ACQUISITION OF HEALTH, HOSPICE AND PRIVATE DUTY FACILITIES OPERATOR CAMELLIA HEALTHCARE

Alabama, US-based post-acute care provider Encompass Health Corp. (NYSE: EHC) has closed the acquisition of privately owned Mississippi, US-based health, hospice and private duty facilities operator Camellia Healthcare and affiliated entities, the company said.

Camellia Healthcare operates a portfolio of home health, hospice and private duty locations in Mississippi, Alabama, Louisiana and Tennessee and generated revenues of approximately USD 78m in 2017. The transaction is expected to close in 2Q18, subject to regulatory approval. Encompass Health expects to fund the transaction with cash on hand and borrowings under its revolving credit facility.

Status: Closed

-FIRST TEAM REAL ESTATE ADDS SECOND LOS ANGELES COUNTY LOCATION THROUGH LONG BEACH JOINT VENTURE

California, US-based real estate brokerage First Team Real Estate has merged with Sonnocco Real Estate Group, the firm said.

The initiative will bring First Team Real Estate's brand of real estate service to the Long Beach area and its surrounding markets. Founded in 2012 by Bill Larson and Phillip Mazzocco, Sonnocco Real Estate Group has since grown to include a total of 42 experienced agents, driving over USD 120m in sales each year.

Status: Closed

-GRAY AGREES TO ACQUIRE SOUTH DAKOTA, US TELEVISION STATION KDLT-TV

Atlanta, US-based media company Gray Television, Inc.  (NYSE: GTN) has reached an agreement with Red River Broadcasting Company to acquire KDLT-TV, the NBC affiliate for the Sioux Falls, South Dakota market (DMA 110), for USD 32.5m in cash, the company said.

The acquisition of KDLT-TV would unite the station's strong staff and legacy of community leadership with Gray's KSFY-TV, which serves as the market's ABC and CW affiliate.

Status: Agreed

-COASTALSOUTH BANCSHARES TO ACQUIRE GEORGIA, USA'S FIRST CITIZENS FINANCIAL IN USD 11.6M DEAL

South Carolina, US-based bank holding company CoastalSouth Bancshares, Inc. (OTCQX: COSO) has agreed to acquire Georgia, US-based bank holding company First Citizens Financial Corp., the parent company of Foothills Community Bank, the company said..

Following completion of the merger, Foothills will become part of CSB and will continue to be led by its existing management team of John L. Lewis and Steven F. Smith.

Status: Agreed

-WILLDAN ACQUIRES ENERGY ENGINEERING FIRM NEWCOMB ANDERSON MCCORMICK

US-based consulting and technical services provider Willdan Group, Inc. (NASDAQ: WLDN) has acquired California, US-based energy engineering and consulting firm Newcomb Anderson McCormick, Inc., the company said.

Newcomb Anderson McCormick has offices in San Francisco and Los Angeles that provides clients with mechanical engineering expertise and comprehensive energy efficiency ***programs*** and services. Through its 13-year history, NAM has developed energy efficiency projects, distributed resources, and ***strategic*** energy ***plans*** and ***programs*** primarily for municipal and higher education customers.

Status: Closed

-NANO FINANCIAL CLOSES USD 23M ACQUISITION OF COMMERCE BANK OF TEMECULA VALLEY

California, US-based acquisition company Nano Financial Holdings, Inc. has closed the acquisition of all outstanding shares of California-based Commerce Bank of Temecula Valley (CKTM) for approximately USD 23.3m, the company said.

Under the terms of the agreement, CKTM shareholders will have the right to receive USD 14.41 per share in cash or stock of Nano Financial Holdings, Inc. The shareholders of Commerce Bank of Temecula Valley will be exchanging at least 25% of its shares for shares in Nano with a maximum of 49% of the consideration coming in the form of stock. The offer to purchase received unanimous approval from Commerce Bank of Temecula Valley's board of directors.

Status: Closed

-COOK AND BOARDMAN ACQUIRES TEXAS, US DISTRIBUTOR DOOR PRO SYSTEMS

US-based door distributor The Cook and Boardman Group has acquired Texas, US-based commercial door, hardware and access control products distributor Door Pro Systems, the company said.

Cook and Boardman is a portfolio company of Ridgemont Equity Partners. The company has completed six acquisitions under Ridgemont's ownership and two acquisitions within Texas, making Cook and Boardman the largest distributor in the state.

Status: Closed

-LSC COMMUNICATIONS TO ACQUIRE PRINT LOGISTICS COMPONENT OF RR DONNELLEY'S LOGISTICS BUSINESS

US-based printers LSC Communications (NYSE: LKSD) and R.R. Donnelley and Son's Company (NYSE: RRD) have entered into a definitive agreement for LSC Communications to acquire the Print Logistics component of RRD's Logistics business, the companies said.

RRD's Print Logistics capabilities include a range of logistics services and technologies to optimize the print distribution and mail supply chain, including solutions that drive postal discounts.

Status: Agreed

-ONTARIO SYSTEMS ACQUIRES JUSTICE SYSTEMS TO EXPAND IN GOVERNMENT SECTOR

US-based enterprise revenue cycle management software provider Ontario Systems has acquired US-based court case management software, and electronic payments solutions provider Justice Systems, Inc., the company said.

Justice Systems serves government clients including state and municipal court systems. Ontario Systems and Justice Systems are players in the government software sector, both with over 35-year histories of providing trusted solutions to their clients.

Status: Closed

-US RETAILER MACY'S ACQUIRES NYC CONCEPT STORE STORY

US-based retailer Macy's, Inc. (NYSE: M) has acquired New York City concept store Story, the company said. Additionally, Rachel Shechtman, Story's founder and chief executive officer, will join Macy's, Inc. as brand experience officer, founder of Story, reporting directly to Hal Lawton, president of Macy's.

In her role, Shechtman will focus on ways to enhance the in-store customer experience with the Macy's brand and Story will have the opportunity to come to life in a new format.

Status: Closed

-APTAR ACQUIRES FRENCH BEAUTY PACKAGING SPECIALIST REBOUL IN EUR 14M DEAL

US-based dispensing solutions provider AptarGroup, Inc. (NYSE: ATR) has acquired French beauty packaging specialist Reboul from Vacheron Industries SAS, the company said.

Reboul is a French specialist in the design and industrial production of metal components, metal-plastic sub-assemblies, next generation lipstick mechanisms, and complete color cosmetic packaging solutions. This acquisition brings to Aptar complementary capabilities including deep metal drawing, high speed metal stamping, as well as differentiated lipstick mechanism design and manufacturing.

Status: Closed

-TREND OFFSET PRINTING TO ACQUIRE LSC COMMUNICATIONS' RETAIL OFFSET PRINTING FACILITIES

US-based print and digital media solutions company LSC Communications (NYSE: LKSD) and US-based printer Trend Offset Printing have entered into a definitive agreement for Trend to acquire LSC's retail offset printing facilities, the companies said.

Newspaper inserts, which are traditionally used by retailers to advertise promotional offers, are the main product ***produced*** on LSC's retail offset assets. The agreement is subject to customary closing conditions and is expected to close during 2Q18.

Status: Agreed

-PENNSYLVANIA AMERICAN WATER TO ACQUIRE SADSBURY TOWNSHIP'S WASTEWATER

US-based water utility operator American Water's (NYSE: AWK) Pennsylvania American Water subsidiary has signed an agreement to acquire the wastewater assets of Sadsbury Township in Chester County, the company said.

The total value of the transaction is approximately USD 9.25m. The Sadsbury wastewater system serves approximately 1,000 customers.

Status: Agreed

-L AND W SUPPLY TO ACQUIRE NEXGEN BUILDING SUPPLY

US-based building materials and specialty products distributor L and W Supply Corp has signed a definitive agreement to acquire NexGen Building Supply, the company said.

NexGen distributes drywall, ceiling systems, steel stud and other building materials, with locations in Wisconsin, Illinois, Indiana, Kentucky, Tennessee and Ohio. As a distributor of interior building products in the Midwest, the NexGen acquisition supports L and W Supply's overall growth strategy.

Status: Agreed

-AIRGAS ACQUIRES US GAS SUPPLY BUSINESS WELLER WELDING

French industrial gasses ***producer*** Air Liquide's (PAR: AI) US-based Airgas, Inc subsidiary has acquired the assets and operations of US-based industrial gas, beverage gas and welding supply business Weiler Welding Company, Inc., the company said.

Airgas is a US supplier of industrial, medical and specialty gases, welding technologies, and safety products. The acquisition marks the 500th in Airgas' 36-year company history.

Status: Closed

-ARDURRA-KING ACQUIRES ENVIRONMENTAL CONSULTING FIRM E CO

US-based consulting and engineering services provider Ardurra-King Engineering has acquired Florida, US-based environmental consulting firm E Co Consultants Inc., the company said. E Co specialises in ecological services associated with land development and growth-related issues.

The firm's expertise includes Local, State and Federal environmental permitting, utility permitting, existing condition site assessments, wetland delineation, ecosystem management and wildlife services. Ardurra-King provides a range of consulting and engineering services to public and private entities throughout the United States.

Status: Closed

-SEGALL BRYANT/HAMILL CLOSES ACQUISITION OF DENVER INVESTMENTS TO BROADEN INVESTMENT OFFERINGS

Chicago, US-based investment management firm Segall Bryant and Hamill, LLC has closed the acquisition of Colorado, US-based investment firm Denver Investments, and will rebrand as Segall Bryant and Hamill LLC (SBH), the company said.

SBH said this acquisition represents an opportunity to bring together two culturally aligned organisations with complementary investment capabilities. The union will allow the company to deepen its investment talent and broaden investment offerings, geographical presence, client service and distribution capabilities.

Status: Closed

-PARKERGALE CAPITAL ACQUIRES LEGAL ENTERPRISE SOFTWARE PROVIDER RIPPE AND KINGSTON

US-based law firm financial and practice management software provider Rippe and Kingston has received a majority investment from technology-focused private equity firm ParkerGale Capital, the company said.

Rippe and Kingston was founded in 1982 by George Kingston and Joe Rippe, and has established itself as a reliable, best-of-breed software provider for law firms. They provide their clients with an integrated solution for revenue and expense management, timekeeping, practice management and analytical reporting tools to successfully and profitably manage law firms.

Status: Closed

-JANNEY ACQUIRES BALTIMORE, US INVESTMENT BANK HIGHBANK ADVISORS

Philadelphia, US-based wealth management, capital markets, and asset management company Janney Montgomery Scott LLC has acquired Baltimore, US-based investment bank and financial advisory firm HighBank Advisors, the firm said.

HighBank Advisorsis headquartered in Baltimore, Maryland with a presence in Philadelphia. The transaction will strengthen Janney's leadership in the M and A space and enhance its comprehensive advisory services expertise, particularly in the business services, technology and industrial sectors.

Status: Closed

-CARBON NATURAL GAS ACQUIRES OIL ***PRODUCING*** ASSETS IN VENTURA BASIN, CALIFORNIA

US-based oil and natural gas company Carbon Natural Gas Company (OTCQB: CRBO), through its subsidiary Carbon California company, LLC, has completed the acquisition of oil and gas ***producing*** properties and related facilities located in the Ventura Basin of California for USD 43m, the company said.

The acquired assets are comprised of conventional light, sweet crude oil production with shallow base decline. Carbon Natural Gas said the acquisition increases the volume of light oil production and proved reserves of Carbon California and provides for additional cash flow from Carbon's Ventura Basin operating region.

Status: Closed

-ANNALY CAPITAL MANAGEMENT TO ACQUIRE MTGE INVESTMENT FOR USD 900M

US-based capital manager Annaly Capital Management, Inc. (NYSE: NLY) and US-based real estate investment trust MTGE Investment Corp. (NASDAQ: MTGE) have inked a definitive merger agreement under which Annaly will acquire MTGE for consideration to be paid in cash and shares of Annaly common stock, the firms said.

This deal values MTGE at USD 19.65 per share of MTGE common stock based upon the closing price of Annaly common stock on April 30, 2018.. The value of the consideration represents a premium of approximately 12% to the 60-day volume-weighted average price of MTGE common stock ending on April 30, 2018.

Status: Agreed

-CALTIUS EQUITY PARTNERS INVESTS IN US HEALTHCARE TECHNOLOGY FIRM HEALTH PAYMENT SYSTEMS

US-based private equity firm Caltius Equity Partners has made a "significant" investment in US-based healthcare technology and services company Health Payment Systems, the firm said. HPS will use the capital to accelerate the growth of existing products and expand its product offerings.

The company's patented SuperEOB and advanced electronic data interchange technology consolidates and transmits claims and payment information between all stakeholders, resulting in a single monthly statement and payment for consumers; outsourced billing, collections and faster payment for providers; and, improved customer service for insurance companies and employers.

Status: Closed

-NHI ACQUIRES OHIO, PENNSYLVANIA ASSISTED LIVING/MEMORY CARE COMMUNITIES

Tennessee, US-based REIT National Health Investors, Inc. (NYSE: NHI) has acquired five Ohio and Pennsylvania-based assisted living/memory care communities totaling 320 units for a total investment of USD 69.75m, inclusive of USD 500,000 in capitalized transaction costs and USD 1.75m for capital improvements, the company said.

The communities will be leased to an affiliate of Bickford Senior Living at an initial rate of 6.85% with annual fixed escalators and a 15-year maturity. The purchase was funded with a draw on NHI's revolving credit facility.

Status: Closed

-PROAMPAC ACQUIRES GATEWAY PACKAGING TO EXPAND PRODUCT OFFERING

Ohio, US-based flexible packaging company ProAmpac has acquired Tennessee, US-based flexible packaging and technical products company Gateway Packaging to expand product offerings, the company said.

ProAmpac said the acquisition of Gateway expands the company's product offering with the addition of multi-wall bags while also increasing manufacturing capacity of several pouch formats. With the addition of Gateway, ProAmpac has 33 sites globally with nearly 3,700 employees supplying more than 5,000 customers in 90 countries. d chief executive officer of Gateway.

Status: Closed

-INTERIOR SPECIALISTS ACQUIRES CABINETS AND COUNTERTOPS SUPPLIER CHRIS AND DICK'S

California, US-based interior design company Interior Specialists, Inc. (ISI) has acquired Utah, US-based cabinet and countertop installation services provider Chris and Dick's Cabinets and Countertops LLC, the company said.

ISI said this acquisition will further expedite ISI's growth in Utah. The partnership with the Chris and Dick's team will make a powerful combination to serve the flooring, cabinet and countertop turnkey installation needs of customers and to introduce ISI's industry leading design center technology to the Utah market.

Status: Closed

-GROUPON ACQUIRES CLOUD SAVINGS IN DEAL VALUED AT USD 65M

Chicago, US-based e-commerce marketplace Groupon (NASDAQ: GRPN) has acquired UK-based Cloud Savings company, Ltd., parent company of online discount code platform Vouchercloud and brand loyalty provider Giftcloud, at an enterprise value of USD 65m to enhance Groupon's international online discount code, the company said.

Groupon said in Vouchercloud, the company is acquiring one of innovative brands in the online discount codes space, which will accelerate Groupon's efforts, particularly in International, and broaden the marketplace for consumers.

Status: Closed

-US PHYSICAL THERAPY ACQUIRES INTEREST IN INJURY PREVENTION PROVIDER

Texas, US-based outpatient physical therapy clinics operator US Physical Therapy, Inc. (NYSE: USPH) has acquired a majority interest in a company that provides industrial injury prevention services, the company said.

The company specialises in delivering injury prevention and care, ergonomics, education and coaching in an industrial setting. The company performs these services through Industrial sports medicine professionals, consisting primarily of highly specialised certified athletic trainers.

Status: Closed

-COOLSYS ACQUIRES AXIOM ENERGY SOLUTIONS TO OPTIMISE POSITION IN ENERGY MARKET

California, US-based refrigeration and HVAC services company CoolSys has acquired Georgia, US-based energy efficiency solutions provider Axiom Energy Solutions to expand energy solutions capabilities, the company said.

With this acquisition, CoolSys will integrate the resources and capabilities of Axiom as a provider of energy efficiency solutions with CoolSys Energy Solutions to serve energy optimization customers nationwide. Both companies are widely known for their expertise and services within the retail grocery sector.

Status: Closed

-DICKINSON FLEET SERVICES ENHANCES REPAIR SERVICES WITH ACQUISITION OF MICHIGAN-BASED FLEET ENTERPRISES

Indiana, US-based maintenance company Dickinson Fleet Services has acquired Michigan, US-based semi-truck and trailer maintenance services provider Fleet Enterprises to expand and enhance mobile trailer repair services, the company said.

Dickinson Fleet Services, along with majority shareholder Ridgemont Equity Partners, announced the acquisition on April 5, 2018. The acquisition will expand and enhance mobile trailer repair services offered by Dickinson Fleet Services.

Status: Closed

-TYLER TECHNOLOGIES ACQUIRES SAGE DATA SECURITY TO EXPAND CYBERSECURITY OFFERINGS

Texas, US-based information management solutions provider Tyler Technologies, Inc. (NYSE: TYL) has acquired Maine, US-based cybersecurity expert Sage Data Security, LLC, the company said

Tyler said the acquisition of Sage enables Tyler to offer data security expertise and services, as risks to data are becoming more prevalent across all industries, including the public sector. With the addition of Sage and its core product for managed threat detection, nDiscovery, Tyler clients will have the opportunity to add an additional layer of security in a cost-effective way.

Status: Closed

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**Load-Date:** May 4, 2018

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[***Russia: Krasnodar Territory and Adygeya media highlights 23-29 Oct 17***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PWP-7261-DYRV-340X-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

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**Length:** 1152 words

**Body**

By BBC Monitoring

The following are highlights from regional administration-owned Kuban 24 TV news, Novaya Gazeta Krasnodar edition, Kubanskiye Novosti and Yug Times newspapers, and Golos-kubani.ru and Yugopolis.ru websites for the period 23-29 October 2017:

Political

Krasnodar Territory administration is to spend over R56.6m (about 970,000 dollars) for maintenance and operation of governor Veniamin Kondratyev's Mi-8 helicopter. It is equipped with wood grain finish and white leather chairs. Regional administration said that the helicopter is required for Kondratyev's working flights to remote areas of the region, especially during emergencies, and to monitor fields and resort areas. Controlling bodies are to conduct checks into the state purchases auction for maintenance and operation of the helicopter initiated by regional administration, to determine whether a single official's travel needs should cost this much. (Golos-kubani.ru website, Krasnodar, 24 Oct 17)

Sochi's Tsentralny district court has sentenced opposition activist Konstantin Gudimov to 12 days' arrest for riding around the city on a bicycle with a balloon on which the letter "N" was painted, in apparent reference to opposition leader Alexei Navalny's presidential campaign. Gudimov was charged with breaching the order of conducting a public event.

Activist Olesya Khristosenko was detained for making a photo outside of Navalny's campaign headquarters, and was also charged with participating in an unsanctioned public event. Hearing of the cases was repeatedly delayed, as the court returned the protocols to the police to deal with deficiencies. Lawyer Alexander Popov described court ruling as "absurd and illegal", and pledged it would be appealed. (Yugopolis.ru website, Krasnodar, 24 Oct 17)

Member of the presidium of Krasnodar Territory court Elena Khakhaleva, nicknamed "the golden judge" after her daughter's lavish wedding, may have presented a forged university diploma to the presidential administration when she was being appointed Dinsky district judge in 2000. Her diploma from Tbilisi State University, serial designation PB No 523043, confirmed that she completed a correspondence course of law between 1985 and 1991.

Farmer Elena Dryukova, who campaigns for land rights and accuses Khakhaleva of making illegal rulings in favour of major ***agricultural*** firms, demands that a criminal case be started. Her lawyer Alexei Salmin said that Goznak, state manufacturer of diplomas, confirmed that serial designation PB No 523043 was attached to a diploma issued in 1988 by the Checheno-Ingushsky Pedagogical Institute, which did not train lawyers.

Georgian lawyer Vakhtang Talakvadze received a reply from the Tbilisi State University, which said that Khakhaleva never studied there and diploma serial designation PB No 523043 is not registered by the university's statute books. Georgian media widely reported the Khakhaleva diploma incident. (Novaya Gazeta Kubani newspaper, Krasnodar, 25 Oct 17)

Economic

Krasnodar Territory administration has presented a document outlining the region's strategy for socioeconomic development through to 2030 at the ***Strategic*** ***Planning*** in Russia's Regions and Cities forum in St Petersburg. It will be pursued via a number of flagship projects. These are to include clusters for eco-friendly ***agriculture***, smart industry, tourism and recreation, trade, transport and logistics, and social and creative industries. However, Krasnodar Territory was lacking in human capital, innovative development and improved institutional environment, as a preliminary study indicated.

Deputy governor Igor Galas noted that Krasnodar Territory aims to be competitive internationally, and to become one of Russia's top five regions. He added that the administration formed some agglomerations to facilitate growth, and divided all municipalities into seven economic zone, which would determine funding from the budget.

At the same forum, governor Veniamin Kondratyev discussed the region's development prospects with chairman of the board of Centre for ***Strategic*** Development Alexei Kudrin. Kudrin noted the region's high potential, adding that the region may become one of Russia's leading one. Kondratyev thanked him for contributing to setting out the region's development strategy. The ***programme*** would allow for development of "healthy, strong economy", he added. (Kuban 24 TV "Fakty" news, Krasnodar, 1630 gmt 24 Oct 17)

Krasnodar Territory governor Veniamin Kondratyev has said that about 1m people live in the region without registration. Speaking at the ***Strategic*** ***Planning*** in Russia's Regions and Cities forum in St Petersburg, he noted that 5.5m people live in the region now, "but unofficially that's really 6.5m". Official number of residents is to rise to 7m people by 2030, Kondratyev noted. (Kubanskiye Novosti newspaper, Krasnodar, 25 Oct 17)

Krasnodar Territory deputy governor Andrei Korobka announced ***plans*** to export locally-***produced*** halal chicken meat to China. Local poultry farms ***produce*** enough meat, including that made in adherence with Muslim standards, to allow for imports. Regional authorities are prepared to assist local ***producers*** in setting up export links, he added. Earlier, ***Agriculture*** Minister Alexander Tkachev said that Russia may start supplying China with poultry meat before the end of 2018. (Kuban 24 TV "Fakty" news, Krasnodar, 1630 gmt 26 Oct 17)

Sochi deputy mayor Sergei Yurchenko has held talks with a Kuwait tourism delegation. Kuwait's tour industry officials expressed willingness to set up charter flights to Sochi for local tourists. (Yug Times newspaper, Krasnodar, 26 Oct 17)

Crime

Deputy head of the customs post at the Kavkaz sea port Ruslan Sinyagovsky was found guilty of large-scale bribery by the Temryuksky district court. Prosecutors demanded that he be given a sentence of nine years' imprisonment for accepting a 7,000 dollar bribe. However, he was only sentenced to a R31m (about 532,000 dollars) fine. Sinyagovsky is the nephew of former Novorossiysk mayor Vladimir Sinyagovsky who is now a State Duma member, and brother of Slavyansky District administration head Roman Sinyagovsky. Both are members of the United Russia party. (Golos-kubani.ru website, Krasnodar, 27 Oct 17)

Terrorism

In January-September, Krasnodar Territory's security agencies identified 20 crimes linked to the participation in the Islamic State (IS) group. According to the regional prosecutor's office, four Russian nationals, including one resident of Krasnodar Territory, were prevented from leaving the region for Syria to join the terrorists. Twenty extremist-type crimes committed by young people using the Internet were curbed in the region. Courts convicted 15 people, and over 50 people were held administratively liable for distributing extremist materials. Over 150 banned websites were blocked. (Kubanskiye Novosti newspaper, Krasnodar, 25 Oct 17)

Source: BBC Monitoring

**Load-Date:** November 6, 2017

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[***How Growing EV Market Demands Will Hoist Manganese Out From Lithium's Shadow; USA News Group News Commentary***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R2H-FTJ1-DXP3-R2W0-00000-00&context=1516831)

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**Body**

USA News Group- While steep growth in demand for Electric Vehicles (EVs) has highlighted the need for more lithium supplies, it's an impending supply shortage involving fellow-battery metal manganese that's being dangerously overlooked.

For the last few years, many analysts and investors have understandably focused a lot of attention on the widely known materials in the world's most widespread rechargeable batteries-namely lithium, and sometimes also cobalt. However, it's the third (and equally as important) ingredient, manganese, that has somehow quietly slipped from the radar, and possibly at the market's peril.

While lithium companies have slowly become household names over the last few years, there's a good chance there will be more attention towards companies with significant manganes interests in the near future as supply curves shift, including Ferroglobe PLC (NASDAQ: GSM), Glencore PLC (LSE: GLEN) (OTC: GLNCY), Altair Resources (TSX-V: AVX), and Maxtech Ventures (CSE: MVT) (OTC: MTEHF).

The market has already seen the sharp rise in prices for both lithium and cobalt in recent years.Cobalt prices have doubled in the last year, while obviously (as Goldman Sachs pointed out) lithium prices have risen dramatically and continue to increase currently.

Manganese has many factors pushing its demand to new heights, beyond just EVs. With battery production rising, as well as an increase in its demand for use in steel production,China raised its imports of manganese 96% in the past year.

And it can't be ignored thattwo major EV manufacturersboth use manganese-based batteries in their vehicles-including theworld's best-selling electric car, the Nissan Leaf.

Large ***producers*** of manganese are now on notice, but it's one smaller mining company that's getting attention for its savvy entry into manganese; Maxtech Ventures (CSE: MVT) (OTC: MTEHF), which could easily be the next near-term ***producer*** of manganese in Brazil, and possibly also Morocco.

INTERNATIONAL BATTERY DEMAND BOOST

While primarily used in steelmaking (which accounts for approximately 90% of global manganese demand), one of the biggest drivers for the rise in the metal's demand is coming from lithium-ion and other battery technology manufacturing-and in particular, electric cars.

And this push is coming from all over the world.

In China,sales of EVs are soaring, with recent September sales rolling in with an 80% increase year over year, and already annual sales are up 48% YoY as well.

Meanwhile, American EV manufacturers are moving beyond their borders to try and also crack into the Chinese market, as last month, Elon Musk's Tesla Motors were announced to officially be thefirst foreign EV maker to sell in China.

The difficulty for American manufacturers is the unfortunate current scenario, where the United States is 100% reliant on manganese imports from other countries. There isnocurrent US manganese production, and holds no officially compliant manganese reserves.

Europe isn't letting its foot off the pedal neither.

As part of theEuropean Commission's ambitious Horizon 2020 ***program***, so far (EURO)350 million (more than USD $413 million) has been allocated to creating a sustainable battery industry in Europe.

That's not counting the UK, which alone has also dangled a carrot for companies to bolster research, innovation, and scaling up batteries for production in the UK, under the government's "Faraday Challenge"-worth £246 million (USD $320 million).

This comes after it has been reported thatUK electric vehicle registration has increased by more than 1,800% since 2011.

With such massive investments being made around the globe, all to be injected into the manufacturing of more batteries, the draw on the materials needed for those to be made will be massive.

THE WILD MANGANESERIDEOF 2016

According to the USGS, last year the world ***produced*** 8.6% less manganese than in 2015. Meanwhile, in the largest manganese consumption market of China, the production/consumption gap has been consistently widening since 2001.

As a result, manganese saw asignificant price increase from 2016, followed by a temporary correction. This came as China ramped up its imports of manganese ore 96%. The increase in demand was met with an initial supply response coming from one-off destocking by ***producers***, primarily from Gabon.

However, growth in supply dropped in the subsequent quarters after the price increase. In the aftermath, manganese ore prices remained high due to closures of Chinese domestic mines, following an environmental clampdown, and persistent low port stocks.

The elevated prices for manganese will undoubtedly stimulate further supply growth, in the wake of production therecently witnessed production drops.

There is still no manganese production in the United States, which strikes as odd, given its status as a ***strategic*** metal ever since its classification in 1987.

Given its ability to powerfully strengthen steel, and its utility not only in batteries, but in weapons manufacturing, and in infrastructure like buildings and rail lines, it's still surprising that a domestic push for manganese development has yet to come inside the United States.

But while prices have risen significantly for the metal, manganese production fell in 2016 due to the quiet closures and cuts implemented in Australia, South Africa, Gabon, and China.

Somewhere, other ***producers*** and opportunity seekers are going to pick up the slack.

MAXTECH VENTURES ANSWERS THE CALL

The field of pure-play manganese companies is still very limited, but it's Vancouver-based Maxtech Ventures, a Canadian-based junior with a massive Brazilian manganese asset that's standing out amongst its peers.

Spanning an impressive 540,000 hectares, Maxtech's flagship project located in the Brazilian state of Mato Grosse is expected to become one of the highest-grade, lowest-cost manganese operations on the planet.

Already the company's target is a projected 11,500 tonnes of manganese-with the expectation of ramping up to a full production of 80,000 tonnes per annum by 2020.

For context, the price of pure manganese has risen to roughly US$2,800 per tonne, which is nearly double the price it fetched in 2015.

And while the world's battery markets seem to be clamoring over the waning supplies of manganese that are out there, Maxtech might not even have to go far to off-take its product.

Another important use of manganese is in the formulation of fertlizers, which are in short supply in the soy-***producing*** giant nation of Brazil. Demand for high-purity manganese in Brazil is expected to increase by 4.8% CAGR, which translates to an additional demand of 227,000 tonnes just for use in fertilizers.

To better shore up its prospects, Maxtech has already entered into an agreement with Maringá Ferro-Liga S.A., a subsidiary of Grupo Maringá (the second largest manganese ferroalloy ***producer*** in South America). The partnership will better allow for joint evaluation, exploration, and potential acquisition of additional manganese assets in Brazil.

The allure of selling its manganese only domestically in Brazil may be an obstacle for the battery makers of the world, as high-purity manganese for fertilizer use comes with a potential 25-30% pricing premium.

Maxtech also recently announced it is moving forward inevaluating several advanced-stage manganese assets in Morocco. All the while, the company is seeking further global off-take partners to complete a full-scake vertical manganese operation platform in the region, and has taken on a Switzerland-based group to assist in developing a European capital markets strategy.

As Maxtech and its partners work swiftly towards the cash flow stage in Brazil, tapping into the fertilizer market, the company is still striving to grow its resource capacity to further supply the growing power cell and storage markets on the world market.

POTENTIAL COMPARABLES

Ferroglobe PLC (NASDAQ: GSM)

Ferroglobe PLC operates in the silicon and specialty metals industry in the United States, Europe, and internationally. The company offers silicon metals that are used in personal care items, construction-related products, health care products, and electronics, as well as used in the manufacture of silicone chemicals; silicomanganese, which is used as deoxidizing agent in the steel manufacturing process; and ferromanganese that is used as a deoxidizing, desulphurizing, and degassing agent in the removal of nitrogen and other harmful elements from steel. It also provides ferrosilicon products that are used to ***produce*** stainless steel, carbon steel, and various other steel alloys, as well as to manufacture electrodes and aluminum; silico calcium, which is used in the deoxidation and desulfurization of liquid steel, and production of coatings for cast iron pipes, as well as in the welding process of powder metal; nodularizers and inoculants, which are used in the production of iron; and silica fume. The company was formerly known as VeloNewco Limited. Ferroglobe PLC was incorporated in 2015 and is headquartered in London, the United Kingdom. Ferroglobe PLC is a subsidiary of Grupo Villar Mir, S.A.

Glencore PLC (LSE: GLEN) (OTC: GLNCY)

Glencore plc engages in the production, refinement, processing, storage, transport, and marketing of commodities worldwide. It operates in three segments: Metals and Minerals, Energy Products, and ***Agricultural*** Products. The Metals and Minerals segment is involved in smelting, refining, mining, processing, and storing zinc, copper, lead, alumina, aluminum, ferroalloys, nickel, cobalt, and iron ore. The company was formerly known as Glencore Xstrata plc and changed its name to Glencore plc in May 2014. Glencore plc was founded in 1974 and is headquartered in Baar, Switzerland.

Altar Resources Inc.(TSX-V: AVX)

Altair Resources Inc. is a company engaged in the acquisition, exploration and development of mineral properties, with a primary focus on zinc. The company holds a 100% interest in the past-***producing*** Pan American and Prince mines and the Caselton concentrator in the Pioche district, Nevada. Its secondary phase for Pioche is to target manganese, which is a valuable by-product that has not been historically recovered from operations as leach technology was not available when the mines were in prior operation. The company is led by an experienced management team and is based out of Vancouver, BC.

For a more in-depth look into MVT you can view the in-depth report at USA News

Group: [*http://usanewsgroup.com/2017/11/27/manganese-the-third-electric-vehicle-metal-no-one-is-talking-about-3-2-2-2-2/*](http://usanewsgroup.com/2017/11/27/manganese-the-third-electric-vehicle-metal-no-one-is-talking-about-3-2-2-2-2/)

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This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" describe future expectations, ***plans***, results, or strategies and are generally preceded by words such as "may", "future", "***plan***" or "***planned***", "will" or "should", "expected," "anticipates", "draft", "eventually" or "projected". You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements, including the risks that actual results may differ materially from those projected in the forward-looking statements as a result of various factors, and other risks identified in a company's annual report on Form 10-K or 10-KSB and other filings made by such company with the Securities and Exchange Commission. You should consider these factors in evaluating the forward-looking statements included herein, and not place undue reliance on such statements. The forward-looking statements in this release are made as of the date hereof and FNM undertakes no obligation to update such statements.

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[***-CF Industries Announces Pricing of Tender Offer for 7.125% Senior Notes Due 2020***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R8K-BT11-F0K1-N1NW-00000-00&context=1516831)

ENP Newswire

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**Body**

DEERFIELD, Ill - CF Industries Holdings, Inc. announced today the pricing terms of the tender offer by its wholly owned subsidiary CF Industries, Inc. ('CFI') to purchase for cash up to $ 200,000,000 aggregate principal amount (the 'Maximum Tender Amount') of CFI's 7.125% Senior Notes due 2020 (the 'Notes'). The tender offer is being made upon, and is subject to, the terms and conditions set forth in an offer to purchase, dated December 11, 2017 (the 'Offer to Purchase'), and the related letter of transmittal (the 'Letter of Transmittal').

The 'Total Consideration' for each $ 1,000 principal amount of Notes tendered at or prior to the Early Tender Date (as defined below) and accepted for purchase pursuant to the tender offer was determined by reference to the fixed spread (the 'Fixed Spread') specified in the table below for the Notes over the yield (the 'Reference Yield') based on the bid-side price of the U.S. Treasury security specified in the table below (the 'Reference Treasury Security'). The Total Consideration was calculated by Morgan Stanley & Co. LLC at 1:00 p.m., New York City time, on December 22, 2017, and is set forth in the table below. The Total Consideration includes the Early Tender Premium (as defined below).

See table at: [*https://www.snl.com/IRW/file/4533245/Index?KeyFile=391563063*](https://www.snl.com/IRW/file/4533245/Index?KeyFile=391563063)

The tender offer will expire at 12:00 midnight, New York City time, at the end of January 9, 2018 (such date and time, as it may be extended, the 'Expiration Date'), unless extended or earlier terminated. Holders of Notes that are validly tendered, and not validly withdrawn, at or prior to 5:00 p.m., New York City time, on December 22, 2017 (such date and time, as it may be extended, the 'Early Tender Date') and accepted for purchase will receive the Total Consideration set forth in the table above. Holders of Notes tendered after the Early Tender Date but at or prior to the Expiration Date and accepted for purchase pursuant to the tender offer will receive only the tender offer consideration, which will equal the Total Consideration less the Early Tender Premium, for those Notes. CFI intends to accept for payment all Notes validly tendered, and not validly withdrawn, at or prior to the Early Tender Date, subject to the Maximum Tender Amount and the other terms and conditions described in the Offer to Purchase, and will prorate acceptance of such Notes only if the aggregate amount of such Notes exceeds the Maximum Tender Amount. No tenders submitted after the Expiration Date will be valid.

Because CFI is offering to purchase an aggregate principal amount of Notes only up to the Maximum Tender Amount, if Notes in an aggregate principal amount exceeding the Maximum Tender Amount are validly tendered and not validly withdrawn by holders of Notes at or prior to the Early Tender Date, the amount of each such holder's Notes accepted for purchase on the Early Acceptance Date will be based on the application of the proration procedures described in the Offer to Purchase, and CFI will not accept for purchase any Notes tendered after the Early Tender Date. If the Tender Offer is not fully subscribed as of the Early Tender Date, Notes tendered by holders after the Early Tender Date may be subject to proration in accordance with the proration procedures set forth in the Offer to Purchase. CFI reserves the right, but is under no obligation, to increase the Maximum Tender Amount at any time, subject to compliance with applicable law.

The settlement date for Notes validly tendered, and not validly withdrawn, at or prior to the Early Tender Date will occur promptly following the Early Tender Date and is expected to occur on or about December 26, 2017. The settlement date, if necessary, for Notes validly tendered after the Early Tender Date but at or prior to the Expiration Date will occur promptly following the Expiration Date and is expected to occur on or about January 10, 2018, assuming that the Expiration Date is not extended. CFI will pay accrued and unpaid interest from the last interest payment date applicable to the Notes to, but excluding, the applicable settlement date for Notes accepted for purchase.

Tendered Notes may be withdrawn from the tender offer at or prior to 5:00 p.m., New York City time, on December 22, 2017 (such date and time, as it may be extended, the 'Withdrawal Deadline'). Holders of Notes who validly tender their Notes after the Withdrawal Deadline but at or prior to the Expiration Date may not withdraw their Notes except in the limited circumstances described in the Offer to Purchase.

The tender offer is conditioned upon the satisfaction of certain conditions. Subject to applicable law, CFI may also terminate the tender offer at any time before the Expiration Date in its sole discretion.

Morgan Stanley & Co. LLC is acting as dealer manager for the tender offer. The information agent and tender agent for the tender offer is D.F. King & Co., Inc. Copies of the Offer to Purchase, the Letter of Transmittal and related tender offer materials are available by contacting D.F. King & Co., Inc. toll-free at (800) 330-5897 or collect at (212) 269-5550 or by emailing [*cf@dfking.com*](mailto:cf@dfking.com) Questions regarding the tender offer should be directed to Morgan Stanley & Co. LLC at (866) 718-1649.

This press release does not constitute an offer to sell or purchase, or the solicitation of an offer to sell or purchase, or the solicitation of tenders with respect to the Notes.

The tender offer for the Notes is being made only pursuant to the tender offer documents, including the Offer to Purchase that CFI is distributing to holders of the Notes. The tender offer is not being made to holders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. In any jurisdiction in which the tender offer is required to be made by a licensed broker or dealer, it shall be deemed to be made by the dealer manager or any other licensed broker or dealer on behalf of CFI.

About CF Industries Holdings, Inc.

CF Industries Holdings, Inc., headquartered in Deerfield, Illinois, through its subsidiaries is a global leader in the manufacturing and distribution of nitrogen products, serving both ***agricultural*** and industrial customers. CF Industries operates world-class nitrogen manufacturing complexes in Canada, the United Kingdom and the United States, and distributes plant nutrients through a system of terminals, warehouses, and associated transportation equipment located primarily in the Midwestern United States. The company also owns a 50 percent interest in an ammonia facility in The Republic of Trinidad and Tobago. CF Industries routinely posts investor announcements and additional information on the company's website at   [*www.cfindustries.com*](http://www.cfindustries.com) and encourages those interested in the company to check there frequently

Safe Harbor Statement

All statements in this communication by CF Industries Holdings, Inc. (together with its subsidiaries, the 'Company'), other than those relating to historical facts, are forward-looking statements. Forward-looking statements can generally be identified by their use of terms such as 'anticipate,' 'believe,' 'could,' 'estimate,' 'expect,' 'intend,' 'may,' '***plan***,' 'predict,' 'project,' 'will' or 'would' and similar terms and phrases, including references to assumptions. Forward-looking statements are not guarantees of future performance and are subject to a number of assumptions, risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from such statements. These statements may include, but are not limited to, statements about the tender offer, statements about ***strategic*** ***plans*** and statements about future financial and operating results.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among others, the cyclical nature of the Company's business and the ***agricultural*** sector; the global commodity nature of the Company's fertilizer products, the impact of global supply and demand on the Company's selling prices, and the intense global competition from other fertilizer ***producers***; conditions in the U.S. and European ***agricultural*** industry; the volatility of natural gas prices in North America and Europe; difficulties in securing the supply and delivery of raw materials, increases in their costs or delays or interruptions in their delivery; reliance on third party providers of transportation services and equipment; the significant risks and hazards involved in ***producing*** and handling the Company's products against which the Company may not be fully insured; the Company's ability to manage its indebtedness; operating and financial restrictions imposed on the Company by the agreements governing the Company's senior secured indebtedness; risks associated with the Company's incurrence of additional indebtedness; the Company's ability to maintain compliance with covenants under the agreements governing its indebtedness; downgrades of the Company's credit ratings; risks associated with cyber security; weather conditions; risks associated with the Company's ability to utilize its tax net operating losses and other tax assets, including the risk that the use of such tax benefits is limited by an 'ownership change' (as defined under the Internal Revenue Code and related Internal Revenue Service pronouncements); risks associated with changes in tax laws and disagreements with taxing authorities; risks associated with expansions of the Company's business, including unanticipated adverse consequences and the significant resources that could be required; potential liabilities and expenditures related to environmental, health and safety laws and regulations and permitting requirements; future regulatory restrictions and requirements related to greenhouse gas emissions; the seasonality of the fertilizer business; the impact of changing market conditions on the Company's forward sales ***programs***; risks involving derivatives and the effectiveness of the Company's risk measurement and hedging activities; the Company's reliance on a limited number of key facilities; risks associated with the operation or management of the ***strategic*** venture with CHS Inc. (the 'CHS ***Strategic*** Venture'), risks and uncertainties relating to the market prices of the fertilizer products that are the subject of the supply agreement with CHS Inc. over the life of the supply agreement, and the risk that any challenges related to the CHS ***Strategic*** Venture will harm the Company's other business relationships; risks associated with the Company's Point Lisas Nitrogen Limited joint venture; acts of terrorism and regulations to combat terrorism; risks associated with international operations; and deterioration of global market and economic conditions.

More detailed information about factors that may affect the Company's performance and could cause actual results to differ materially from those in any forward-looking statements may be found in CF Industries Holdings, Inc.'s filings with the Securities and Exchange Commission, including CF Industries Holdings, Inc.'s most recent annual and quarterly reports on Form 10-K and Form 10-Q, which are available in the Investor Relations section of the Company's web site. Forward-looking statements are given only as of the date of this communication and the Company disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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[***Ukraine: Donetsk Region media highlights 15-21 Jul 17***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P4C-YKR1-DYRV-324G-00000-00&context=1516831)

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**Body**

The following are media highlights from Donetsk Region's newspapers Donbass.Nedelya, Donetskiye Novosti, Donechchyna, Donetskaya Respublika, Donetskoye Vremya, Novorossiya and websites Anti-crisis Media Centre, Depo Donbass, mrpl.city, Novosti Donbassa, Obshchezhitiye Online, OstroV, Donetsk News Agency and Vchasno news agency website for 15-21 Jul 2017:

Political

Representatives of "the DPR, LPR [self-proclaimed Donetsk and Luhansk people's republics respectively] and 19 regions of Ukraine" have announced that they intend to form a new state called "Malorossiya", the pro-rebel website Donetsk News Agency (DAN) reported. At the regional representatives' meeting held recently in the rebel-held city of Donetsk, DPR leader Oleksandr (Aleksandr) Zakharchenko read out to the audience a political statement substantiating the need to create a new state called Malorossiya, after which an acting deputy head of the DPR council of ministers, Oleksandr (Aleksandr) Timofyeyev read a "constitutional act of the new state" out. The political statement read out by Zakharchenko said that creating a new federative state was aimed at "putting the end to the civil war and preventing new life losses", while the constitutional act said that the representatives of Ukraine's regions (excluding Crimea) proclaimed "the founding of the new state as a legal successor of Ukraine". The regional representatives upheld both documents unanimously. (the Donetsk News Agency website, dan-news.info, 0805 gmt 18 Jul 17)

The head of the DPR people's council, Denys Pushylin (Denis Pushilin), has said that "creating a state entity Malorossiya could become an interesting initiative" even though this idea "remains unsupported by regulatory acts of the DPR and the LPR and received mixed responses both in the people's republics and the Russian Federation", DAN said. "It would be more appropriate to offer issues like this for discussion by parliament and at a national referendum. The proposal is debatable, and we need to know the public's opinion," the official said. It has been proposed that Malorossiya should include "Donbass and Ukraine's present regions". (the Donetsk News Agency website, dan-news.info, 1129 gmt 18 Jul 17)

The editor-in-chief of the Novorossiya weekly reflecting DPR views, Dmytro Dezortsev, has said in the weekly that the DPR leaders' proclaiming creation of a new state of Malorossiya is an event of the state-level significance "that will be debated for a long time to come", the Novorossiya weekly reported. According to Dezortsev, "the proposed project has strong and some clearly weak sides that have set off squalls of criticism". "The apparent lack of coordination with Luhansk, Russia and, most importantly, with residents of the LPR and the DPR, does not add much optimism, either," the editor admitted. Everybody in the DPR is now looking forward to hearing DPR leader Oleksandr Zakharchenko's explanations at the coming extended news conference, which should make it clear "how viable and practicable... the historic turn" that he has proposed actually is, Dezortsev noted. (the Novorossiya weekly, 20 Jul 17)

The announcement made by Zakharchenko about a ***plan*** to create the new "state of Malorossiya" has come like "a bolt from the blue", Dezortsev said. "I have to point to a very thorough media blackout that preceded this fate-sealing act. Journalists, the DPR people's council, people I know - nobody knew anything about the coming event or the principles to be unveiled at it," Dezortsev wrote. (the Novorossiya weekly, 20 Jul 17)

The new state Malorossiya will embark on "a course towards joining the Union State of Russia and Belarus, while maintaining its independence and sovereignty", the Novorossiya weekly said. "Donetsk will become Malorossiya's capital, with the city of Kiev remaining a historical and cultural centre but without a status of the capital city," the weekly quoted the "constitutional act" proclaiming Malorossiya as a new state. The documents stipulates that Malorossiya will be a federation "with broadly autonomous regions" and two official state languages - the Russian language and "the language of Malorossiya". According to the document, the DPR "regards itself as empowered to initiate Ukraine's 'legal reorganisation' in order to abolish political parties, systemically fight nationalism, legalise possession and carrying of arms, institute criminal responsibility for glorifying "[Ukrainian nationalist leaders Stepan] Bandera, [Roman] Shukhevych, OUN [Organisation of Ukrainian Nationalists] and UPA [Ukrainian Insurgent Army]" and for attempting to revise the WWII outcome, reinstate the Victory Day as a state holiday, ban selling ***agricultural*** land, set up state-run concerns in key industry sectors and remove oligarchs. (the Novorossiya weekly, 20 Jul 17)

Russia's idea to transform Ukraine into Malorossiya, voiced by Zakharchenko, has revealed a change in the trends in Russia's policies towards the DPR and the LPR", the OstroV regional news website said. "The Kremlin, using the words of [Russian President Vladimir] Putin's aide Vladislav Surkov, has denied the right of the [self-proclaimed] republics to be independent or join Russia, leaving them the role of the parties of Ukraine's 'civil war'," the website said. (the OstroV regional news website, ostro.org, 0851 gmt 21 Jul 17)

Zakharchenko has advised to introduce an "emergency rule" in the state of Malorossiya, which he recently proclaimed, for a three-year transition period, "considering the country's difficult economic situation and a possibility of its descending into chaos, disintegration, and a war of everyone against everyone", OstroV said. "Over such a period of time, a process of adoption of a new constitution should be completed, and law and order should be enforced. Under the emergency rule, a ban shall be imposed on activities of political parties, foreign funds, and criminal responsibility shall be stepped up, first and foremost for crimes against people," Zakharchenko underlined. "In fact, nobody created or founded any [new] state in Donetsk today. It was, just like Zakharchenko has repeatedly said himself, just a 'proposal', and it is unlikely that the DPR head could do something public without having coordinated it with Moscow. It is very likely that the Kremlin has given a go-ahead to all this Malorossiya noise, and Luhansk was excluded so that later on it could say that it did not have anything to do with this 'local initiative'," OstroV editor-in-chief Serhiy Harmash said. (the OstroV regional news website, ostro.org, 1401 gmt 18 Jul 17)

US Senator John McCain has said that the DPR's announcing "an independent state under the name of Malorossiya that dates back to the tsar epoch, has pushed "Putin's ambitions to resurrect the Russian Empire" one step farther, Donbass.Nedelya, a regional independent weekly, said. According to the senator, the USA and the European allies have to admit that "they have been unable to radically change Russia's ***plans*** for Ukraine during the past three years". McCain has urged the USA and its European allies to "devise a policy and a strategy aimed to ensure diplomatic, economic and military consequences that would cost Russia dearly unless it meets its obligations envisaged by the Minsk agreements", the newspaper said, noting that Zakharchenko would have never dared to declare Malorossiya if he had not been "instructed to do so by his curators in the Kremlin". (the Donbass.Nedelya newspaper, Donetsk, 21 Jul 17, p 2)

Russian writer Zakhar Prilepin, who currently advises to the DPR head, has said that it is too early to say that the DPR and the LPR have formed a new single "state", the Novosti Donbassa website, covering news for Donetsk and Luhansk regions, reported, citing Prilepin's interview to Komsomolskaya Pravda. "Donetsk has announced that it is ready to perform functions of the capital city, that it is assuming those functions. And I think that later we will discuss specific issues, such as those that concern Luhansk, Poltava and Zaporizhzhya," Prilepin stressed. In the writer's opinion, the DPR wanted to come up with "a surprise for Moscow, Washington and, certainly, for Kiev, first of all. As well as for Odessa and Kharkiv". The DPR is pursuing a goal of "creating a unified state of Malorossiya, Belarus and Russia", and ideas voiced by the DPR head are "absolutely consistent with the Minsk agreements," Prilepin said. (Novosti Donbassa website, novosti.dn.ua, 0952 gmt 18 Jul 17)

An analyst of the civic organisation Donetsk Information Institute, journalist Vitaliy Sizov, has said that the Malorossiya idea was not masterminded by Zakharchenko, but by Russian political strategists, Novosti Donbassa reported. "Russia, acting through its satellites, has outlined, again, the old issues from the 'unofficial Minsk' framework which it does not wish to let go. This time, the issues came wrapped as 'Malorossiya'," Sizov said, noting that a month ago this idea already was discussed on one of the DPR's TV channels. According to the analyst, "it is clear that the outer shell of this idea is Russian. The word 'Malorossiya' itself is not being eagerly accepted by the Ukrainian society". "The idea of a peace-making ***plan*** under such a title is doomed to fail from its very inception. However, it is quite suitable for bringing up issues such as 'neutrality status' and federalisation," the website quoted Sizov as saying. (the Novosti Donbassa website, novosti.dn.ua, 0952 gmt 18 Jul 17)

The director of the Democratic Initiatives Fund, Iryna Bekeshkyna, has said that a recent opinion poll shows that 70 per cent of Ukrainians believe that compromises need to be made for the sake of peaceful settlement in Donbass, and 18 per cent support "making peace at any cost". According to the opinion poll, 47 per cent of respondents in Eastern Ukraine believe that in the future the DPR and the LPR will be part of Ukraine on the basis of the "pre-war principles". This view is shared by 55 per cent of respondents throughout Ukraine. "A growing number of people do not want to give these [rebel-held] territories any autonomy at all," Bekeshkyna said. Most respondents have supported a proposal to pass legislation giving the rebel-held areas in Donetsk and Luhansk regions the status of occupied territories, and 47 per cent of respondents have backed the trade blockade with the DPR and the LPR. Fewer respondents than last year said that funding for the DPR and the LPR must be discontinued in order to make peace. (the Donechchyna newspaper, 21 Jul 17, p 2)

Svyatohirsk mayor Oleksandr Dzyuba, "who has been governing the city for 27 consecutive years", has resigned for health issues, Donbass.Nedelya said. Last time Dzyuba was elected mayor as a member of the Our Land party. The former mayor's opponents used to accuse him of slowing down decentralisation of the local government. According to journalist Stas Dolhov, in the course of the ongoing decentralisation reform, 13 residential areas in this region are going to form a territorial-administrative community with Sviatohirsk as its centre. (the Donbass.Nedelya newspaper, Donetsk, 21 Jul 17, p 5)

Environment

Donetsk Region's authorities, who are "actively boasting" their automated environmental monitoring system that consists of six stationary stations controlling ambient air quality, have in fact spent 42m hryvnyas (some 1.7m dollars) of public funds on "the system that does not change anything in the region's ecology", the Depo Donbass website said. The installation of the new environment monitoring system "looks very much like another yet expensive toy for the region's authorities". As to the residents of the region, they have got a "beautiful metal box decorated with the region's head Pavlo Zhebrivskyy's proprietary logo "Renewed Donetsk Region", which takes "measurements that any household weather station that costs a few thousand hryvnyas can take", and the six controlling stations for 18,000 square kilometres is not enough to come up with an accurate picture of air quality as these stations are located far away from industrial plants, and, therefore, cannot objectively assess air quality. "The region's authorities love to spend the environmental fund's money on all sorts of rubbish that does not improve the region's ecology even a bit. Thus, they spent more than 70m hryvnyas (approximately 2.8m dollars) from this fund to refurbish two public parks in Kramatorsk," journalist Ihor Maksymov wrote. (the Depo Donbass website, dn.depo.ua, 1100 gmt 21 Jul 17)

Authorities of the city of Toretsk are ***planning*** to make coalmine water potable, Donbass.Nedelya, a regional independent weekly, reported citing the Toretsk city council. Representatives of the city authorities have discussed possible mine water uses, purification techniques and available funding options with coalminers, municipal workers and specialists from companies "Voda Donbassa" and "Tekhnolohiyi Pryrody". "There are methods that make it possible to purify the water from coalmines to the degree where it becomes suitable for drinking. Considering the city's problems with water, using additional quantities of water could be an interesting idea to implement," the weekly said. (the Donbass.Nedelya newspaper, Donetsk, 21 Jul 17, p 3)

Economic

About 300m hryvnyas (some 12m dollars) have been allocated in Donetsk Region in funding to support small and medium enterprises under a regional business-support ***programme*** called "Ukrainian Kulak from Donetsk", the Vchasno website, covering news from Chervonoarmiysk, Dymytrov and the region, said. The funding in the amount of 140m hryvnyas (about 5.6m dollars) has been provided from Donetsk Region's budget, and a matching amount has been collectively allocated for the ***programme*** from the budgets of Donetsk Region's cities and districts. According to the head of the Donetsk regional military-civil administration, Pavlo Zhebrivskyy, as many as 600 projects will be financed under this ***programme*** in this year alone. The ***programme*** will continue the next year, too, Zhebrivskyy wrote on his Facebook page. (the Vchasno website, vchasnoua.com, 1330 gmt 19 Jul 17)

Media

According to activists, Donetsk-based journalist Stanyslav Asyeyev, known under his penname of Stanyslav Vasin, who was captured in early June by the DPR ministry of state security may not live until the time comes for him to be swapped for other prisoners, the Vchasno website, covering news from Chervonoarmiysk, Dymytrov and the region, said quoting the National Union of Journalists of Ukraine. "He could have been badly tortured, and we are afraid that the hostage's condition is very poor now. That is why they do not show him, saying that they do not have him. I do not want to assume the worst," the head of the civil organisation Hruppa Patriot, Oleh Kotenko, said. "Stanyslav Asyeyev has indeed been arrested by the so-called 'state security ministry of the DPR' on suspicions of espionage. He was charged with a criminal offence instantly. [They] seized his telephone and identified people who had been in touch with him. They got them, too". According to the activist, the arrested journalist is probably being tortured, forced to blacken himself and other people, which could explain the conflicting reports about him posted on the DPR's websites. (the Vchasno website, vchasnoua.com, 1410 gmt 18 Jul 17)

Crime

Interior Minister Arsen Avakov has said that Donetsk Region has one of the lowest crime rates in Ukraine "despite the region's being on the front line!", Donbass.Nedelya, a regional independent weekly, reported. Avakov was commenting on the appointment of the head of the National Police in Donetsk Region, Vyacheslav Abroskin, as the first deputy head of the National Police of Ukraine. The official said that the innovative security system featuring latest IT capabilities and 'intellectual' monitoring cameras, which was introduced in the near-the-front-line city of Mariupol, had ***produced*** a "phenomenal effect", journalist Stas Dolhov wrote. (the Donbass.Nedelya newspaper, Donetsk, 21 Jul 17, p 1)

Vyacheslav Abroskin has said that the head of the ***agricultural*** company Artemida was killed in a blast in Donetsk Region, private website Obshchezhytiye Online, covering news from Kramatorsk and Donetsk, reported. "In the course of initial forensic activities a number of possible theories were offered, one of which seems to have the right to exist - a conflict of interests with a private farming business over an unlawful takeover of a land parcel that belonged to the victim," Abroskin said on Facebook. "An unidentified person threw a hand grenade into the house," the regional police's press service said. (the Obshchezhytiye Online website, obs.in.ua, 1125 gmt 15 Jul 17)

Police in the city of Slovyansk have launched a criminal case against the head of the Slovyansk city council's directorate for ***strategic*** ***planning***, investment policy and foreign economic ties, Andriy Ruban, whose family bought six houses in Kiev last year, the Vchasno website, covering news from Chervonoarmiysk, Dymytrov and the region, said. In his income declaration for 2016, Ruban reported his and his wife's joint income in the amount of 253,500 hryvnyas (about 9,750 dollars), plus their joint savings in the amount of 325,000 hryvnyas (some 12,500 dollars), which would not have been enough to purchase the expensive properties in Kiev. Last year, the official's family paid some 2.3m hryvnyas (approximately 90,000 dollars) to buy flats in Kiev, arousing police's interest as to the source of 1.7m hryvnyas (some 65,000 dollars). (the Vchasno website, vchasnoua.com, 0720 gmt 21 Jul 17)

Mother of Kramatorsk teenager Stepan Chubenko killed in Donetsk in 2014 by pro-Russian rebels, has said that she is afraid that Vadym Pohodin, who is suspected of killing her son, may remain free in Crimea simply because Ukraine has not demanded his extradition yet, Vchasno reported. Russian police arrested Pohodin in Crimea. According to the social network post of the mother of the killed youth, Pohodin's administrative detention is to expire in 10 days. The prosecutor's office in Kramatorsk has all necessary documents needed to request the murderer's extradition to Ukraine, except for an official instruction to request such an extradition from the Prosecutor-General's Office, without which it cannot be executed. The woman has said that if necessary documents are not provided soon she will stage a protest in front of the Prosecutor-General's Office. (the Vchasno website, vchasnoua.com, 0813 gmt 20 Jul 17)

Officers of the Donetsk regional military-civil administration are incriminated with selling humanitarian aid, as the prosecutor's office in Donetsk Region is finding out why the humanitarian aid collected throughout the country for residents of Avdiyivka, is being offered for money, Depo Donbass website said quoting a ruling of the Kramatorsk city court of 7 July. The court granted the prosecutor's office in Kramatorsk temporary access to documents related to distribution of the humanitarian aid provided for residents of Avdiivka (Avdiyivka). Investigators have established that the officers of the regional administration, having received the aid worth hundreds of thousands of hryvnyas in the form of "fuel, oil, car batteries and generators" provided for the residents of the city that regularly comes under artillery attacks, did not hand it over to the city but, instead, put it in the warehouses of the Starokramatorsk machine building plant, from which they have been systematically selling it "through retail outlets". The plant is co-owned by the son of the region's former governor Anatoliy Blyznyuk, a close ally of ousted Ukrainian President Viktor Yanukovych. (the Depo Donbass website, dn.depo.ua, 0719 gmt 21 Jul 17)

Source: Donetsk region media highlights in Russian 2359 gmt 21 Jul 17

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[***Crucial agriculture bill tabled***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NVW-WXR1-F15K-22CR-00000-00&context=1516831)

Yorkshire Post

June 24, 2017 Saturday

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**Body**

A dedicated parliamentary bill on ***agriculture*** has been welcomed for bringing vital scrutiny to the country's farming industry, as leading barristers warned that Ministers must act with urgency to protect farmers from being financially stung by Brexit trade deals.

The formal announcement of the bill came as part of the Queen's Speech in Westminster this week, and it forms part of a downscaled ***programme*** of government set out by the Prime Minister, Theresa May, which heavily focuses on preparing the UK for life outside of the European Union.

In a speech which had wider ramifications for country life, one of the Conservative manifesto pledges that was conspicuous by its absence was ***plans*** to make it easier for energy firms to carry out test-drilling for oil and gas, while Downing Street has also made it clear that a fresh vote on fox hunting would not be a priority.

Nonetheless, farming industry figures welcomed the ***Agriculture*** Bill.

Ross Murray, president of the Country Land and Business Association (CLA), said: "Getting Brexit right for farming is of fundamental importance to the rural economy and we welcome the fact it will be subject to detailed scrutiny during the passage of a dedicated ***Agriculture*** Bill.

"We will press for this Bill to deliver absolute certainty for farmers that the current system of support will continue funding at current levels for at least five years. This is the vital reassurance that we have campaigned for since the referendum, and will help farmers and rural businesses to make ***plans*** for the medium term."

Prior to the General Election earlier this month, the government promised to continue to match support payments currently received by farmers under the EU's Common ***Agricultural*** Policy (CAP) until 2020.

Mr Murray added: "The Bill provides an opportunity to improve significantly the extensive and complex administrative systems required to deliver payments for schemes from farm support to environmental stewardship. By providing a forum for detailed debate on the future of farming and our natural environment it is also an opportunity for Parliament to discuss the future direction of policy and we look forward to providing leadership to those discussions."

Meurig Raymond, president of the National Farmers' Union, also reacted to the announcement.

"This is a vital time to engage with the farming sector," said Mr Raymond, who met with new Environment Secretary, Michael Gove, at the end of last weeks for face to face talks.

"Carving out a new future for the farming sector is a huge opportunity for the wealth and wellbeing of the nation. We can further our substantial economic, social and environmental contribution and, with that, strengthen the nation's ability to feed itself and the world.

"Working closely with the new Secretary of State for Defra and his ministerial team will be essential, and this is already off to a good start. But we'll also need the support of the whole Parliament if British farming is to have a profitable future in a post-Brexit world.

"This is the right opportunity to embed the long term ***strategic*** importance of farming sector for the nation.

"The Repeal Bill will be a long and complex process to lift EU law in UK law. As this work goes on we will be maintaining our core asks of Government to ensure British farming has the right legislative framework in place to support a productive, profitable and progressive food and farming sector."

Meanwhile, the RSPCA said it was pleased that an attempt to repeal the Hunting Act failed to make it into the Queen's Speech and that it wanted Ministers to go on to nationalise all existing EU animal welfare legislation without change in the Brexit process.

Key legal challenges surrounding ***agriculture*** that face the government as it negotiates Brexit were highlighted in a new paper published yesterday by a leading group of barristers, who had a stark warning.

Hugh Mercer QC, chairman of the Bar Council Brexit Working Group, said: "The CAP gives UK ***producers*** low tariff access to EU markets so the pressure is on to find a replacement deal or farmers may face tariffs of around 40-50 per cent for their ***produce*** under existing WTO (World Trade Organisation) rules, rising to 80 per cent for high value products."

He also warned of a clash between central government and devolved regions over who will control policy, saying: "The devolved regions may well be in control of their own ***agriculture*** policy when we leave the EU, but if regional subsidies diverge from each other there would be considerable distortion in competition that could frustrate international trade deals."

SECTOR'S RESILIENCE

An analysis by two leading banks suggests the farming sector is showing "considerable resistance" amid economic and political uncertainty.

Latest government figures show the total income from farming contracted by 7.5 per cent to £3.96m in 2016.

Clydesdale and Yorkshire Banks said that their lending figures to the ***agricultural*** sector had also increased in 2016, by close to 15 per cent.

Brian Colquhoun, head of ***agriculture*** at the banks, said: "Farmers have demonstrated genuine entrepreneurial spirit by investing to generate new income streams."

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[***Dam In, Cocoa Out; Pipes In, Oil Out: China’s Engagement in Ghana’s Energy Sector***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BH2-VXY1-JBMY-H3YP-00000-00&context=1516831)

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**Body**

**ABSTRACT**

Ghana, like other African countries, suffers a huge infrastructure gap. In recent times China has become a major bilateral source of investment in Ghana’s energy infrastructure. This article examines the ***strategic*** importance of Chinese infrastructure investment in Ghana’s energy sector in recent times. The study is based on field research conducted by the author in Ghana and on the analysis of semi-structured interviews with Ghanaian policy makers, journalists, civil society organizations, academics and individuals. Additional data were collected on some key projects China has been sponsoring in the energy sector. The paper suggests that China has become a key partner in Ghana’s development efforts as its provision of infrastructural projects soars and its involvement in Ghana’s economy grows. Yet China’s engagement presents a complex dynamic given its dual role as financier of energy infrastructure and at the same time a competitor or seeker of Ghana’s oil and other natural resources.

**FULL TEXT**

**Introduction**

As with other African countries, China’s economic, political and cultural engagement with Ghana has increased significantly in recent times. China is now Ghana’s single largest trading economy. In 2014, bilateral trade between the two countries reached US$4billion and China’s Foreign Direct Investment (FDI) to Ghana reached US$1.11billion the same year, accounting for 65.7% of total FDI to Ghana.1 Today Ghana-China trade exceeds US$5billion.2 However, China’s presence and involvement in Ghana’s economy is not new; it goes back to pre-independence days.3 As the first sub-Saharan African nation to gain political independence, Ghana established official diplomatic relations with China in July 1960. Since establishing formal relations, Ghana–China relations have been important for both sides. Ghana occupies an important place in China’s Africa policy—both historically and currently. As one of China’s closest allies in Africa during the independence struggle, Ghana served as a focal point of entry for China’s influence on the continent, and was considered a training ground from which to launch the so-called socialist revolution in Africa (Chau, 2007). Moreover, Ghana extended support to China when it needed global endorsement by campaigning and voting for China to gain its seat at the UN and providing diplomatic and political support during the late 1980s.

Similarly, since the 1960s the Chinese government has provided assistance to Ghana within a framework of bilateral cooperation in health, education, industry, ***agriculture*** and infrastructure. If ideological motivations were the main forces shaping China’s interests in Ghana in the 1960s and 1970s (although that motivation is still present), today, economic, political and geopolitical factors are the main drivers of Ghana–China relations (Aidoo, 2010; Amoah, 2014; Ampratwum et al., 2009).

This paper examines one prominent area of engagement between Ghana and China in recent times—the energy sector. By examining Ghana–China energy relations, I explain how recent Chinese involvement in Ghana’s energy sector is impacting Ghana’s development, and how the approach China employs in its engagement helps to meet its own foreign policy objectives in Ghana and Africa as a whole. The paper is structured as follows: following the introduction, the next section presents a brief historical background to Ghana–China relations focusing on how their engagements have benefited both countries. This section helps to situate the second part of the paper in its proper historical context. The second section examines China’s infrastructure investment in Ghana’s oil and gas sector to illustrate the nature of recent Ghana–China interactions and the importance of such engagements for both countries. The paper concludes with some assessment of the implications of China’s increasing engagement in Ghana’s infrastructural sector and Africa as a whole.

**Ghana–China relations: the beginning**

Ghana’s independence from British colonial rule in 1957 coincided with two main international events that had huge influence on its foreign policy orientation and behavior. The first was the Cold War hostilities between the East and West over the quest for dominance in international affairs; the second was the process of decolonization, which incidentally was supported by the superpowers of the Cold War era— the former Soviet Union and the United States of America. Despite Ghana’s historical connections with the West, its interests as a small independent country in need of economic development at home and its quest to be a world player influenced its decision to pursue relations with the East and with China in particular. Thus while keeping ties with Britain, France and USA, the country’s first president, Kwame Nkrumah, maintained that there were pragmatic reasons why Ghana should seek and preserve normal relations with the two other powers of the world—the Soviet Union and China.4 Needless to say, Nkrumah was heavily influential in Ghana’s formal interaction with the outside world, including China. He championed African unity and anti-colonial struggle in Africa. Anti-colonialism, anti-imperialism, racial equality and political revolution, which were key themes in Nkrumah’s foreign policy, appeared to be incongruent with China’s interest and position on Afro-Asian unity and solidarity. Nkrumah and Chinese leaders were interested in the establishment of a new world order and they all sought in some form to alter the international political landscape to coincide with their respective interests (Chau, 2014). By 1960 Nkrumah had become fully aware of China’s importance to world politics and to his own policies in Africa. Within a month of establishing diplomatic relations, Nkrumah dedicated a portion of his first major speech at the UN General Assembly Meeting to vocally support China. He stated that to make the organization ‘more realistic and more effective and useful,’ China should be admitted to the UN.5 From August 14 to 29 1961 Nkrumah paid his first official visit to China and held high-level meetings with Chinese officials, including President Lui Shaoqi and the Premier, Zhou Enlai. Two themes are discernible from their meetings: that Ghana and China had common interest in the struggle against colonialism and imperialism and that they shared common history (*Peking Review* 1961a: 5-6). It was during this visit that Nkrumah and Zhou Enlai signed the Ghana–China Treaty of Friendship (*Peking Review*, 1961b). In a communiqué issued on August 18 1961, the two countries affirmed their rejection of imperialism and pledged their resolute support to the ongoing anti-colonial struggle in Africa and the importance of such struggle to safeguard world peace.6 Nkrumah’s visit also importantly culminated in the signing of three agreements to develop economic and technical cooperation between the two countries: (1) the Sino-Ghana Agreement on Economic and Technical Cooperation by which China agreed to a 20 year interest free loan of 7 million Ghana pounds (this agreement also stipulated that China would send to Ghana experts and technicians, train Ghanaian technicians, as well as supply Ghana with equipment and materials); (2) the Sino-Ghanaian Trade and Payments Agreement (this agreement guaranteed an annual 4 million Ghanaian pounds in volume of export for the two countries); (3) the Cultural Cooperation Agreement which meant to open a field in which the two countries could exchange experience and learn from each other in the arts, science and education, and health issues (Huang, 2008: 176; see also Chau, 2014: 83).

Before the end of 1962, Chinese economic assistance was underway in Ghana. In October of 1962, Ghana and China signed the protocol on economic and technical cooperation. The agreement required China to supply to Ghana equipment, building materials, and technical assistance to help Ghana build industrial projects and also to develop the cultivation of rice, freshwater fisheries, and handicraft industries (*Peking Review*, 1962: 23). Although Ghana did not use Chinese loans until about 1965, it is estimated that from 1961 to 1964, a total of about $40 million of Chinese economic aid was given to Ghana (see Chau, 2014: 88). Although Nkrumah believed in the role of nationalist movements in the struggle for independence, he did not always have the resources to sponsor the emerging freedom fighters. In 1964, Ghana signed an agreement with the Chinese ‘for the provision of military equipment and advisers for Ghana’s ‘freedom fighters’’ (Chau, 2014: 89). This agreement signaled the beginning of the training of freedom fighters in the manufacture and use of explosives, guerrilla tactics and fundamentals of armed struggle (Chau, 2014: 89). By early 1966, however, China’s influence in Ghana and across Africa was declining. On February 24, 1966, when President Nkrumah made a stopover in China (on his way to Hanoi at the invitation of the President of North Vietnam, Ho Chi Minh, with proposals for ending the Vietnam War),7 he was informed of his overthrow back home in a joint military-police coup d’état. Since China had established very close relations with Nkrumah, his overthrow meant that it would be difficult to forge new ties with the new leadership of Ghana. In October 1966 the two nations severed ties.

After six years of broken relations, Ghana and China restored diplomatic relations in February 1972 when the National Redemption Council (NLC) military government headed by General IK Acheampong was in power. From the 1970s onward, partly due to political upheavals in both countries, the Ghana–China Economic and Technical Cooperation financial agreement, although uninterrupted, was significantly less robust than during the Nkrumah years. ACET estimates that between 1972 and 1980, the Chinese assistance totaled just about $9.1 million. These funds were distributed to projects in health, ***agriculture***, education, and industry, such as the Juapong Cotton and Textile Factory in the Volta Region (ACET, 2009). Significantly, as Ghana and other African countries were going through economic reforms to sustain economic growth from the late 1970s through to the late 1990s, China played a lesser role compared to Western governments and institutions in shaping African economies. But Ghana’s political support for China continued unabated. Notably, from the late 1980s during the tenure of Jerry Rawlings as Ghana’s Head of State (1981–2001), Ghana provided diplomatic support to Beijing following the controversial Tiananmen Square incident, as much of the Western world turned against China. The Chinese government rewarded Ghana in 1990 with a grant of $2.4 million to build the Ghana National Theatre Complex, an edifice that sits a few blocks away from Nkrumah’s mausoleum in Accra (Amoah, 2014; Idun-Arkhurst, 2008).

Ghana and China celebrated the 50th anniversary of their diplomatic engagements in 2010 during the Presidency of Ghana’s Prof. Evans Atta Mills (2009–2012). Although the era of former President Kufuor (2001–2009) has been described by some as the period that rekindled China’s interest in Ghana (due in part to Kufuor’s economic diplomacy and several official trips to China),8 the tenure of President Mills (2009 to 2012) also saw increased relations between Ghana and China. In September 2010 the Chinese announced a US$3 billion facility for gas and oil-related infrastructure development in Ghana. This facility was negotiated at the highest levels, with Ghana’s President Atta-Mills ‘snubbing’ a high level meeting in New York (at the UN) to stay on in Beijing for the signing ceremony.9

Consistent with China’s increasing relations with other African countries, and in the spirit of *China’s African policy* launched in 2006, there has been an increase in economic, political and cultural cooperation between Ghana and China since 2000. Ongoing frequent exchange of high-level official visits between the two countries is an indication of the continuous friendship they share. Today, Ghana remains an important partner in China’s Africa policy, and although China is equally gaining from its engagement with Ghana, many see China’s development assistance as highly influential in Ghana’s economic and political development, as has been the case historically (Jiang and Jing, 2010; Mohan and Lampert, 2013; Rupp, 2013). Crucially, while China’s development assistance to Ghana cuts across various sectors including education, ***agriculture*** and health, its investment in Ghana’s infrastructure has been of crucial importance to Ghana (see Rupp, 2013). To be sure, China’s infrastructural investment in Ghana is not in isolation: during the past decade and a half, China has increased its investment in much of Africa’s infrastructure (Foster et al., 2009). Chinese infrastructure investment in Africa is not new either; in the 1960s the Chinese engaged in infrastructure in selected African countries, notably the Tan–Zam Railway in Zambia that symbolizes the most vivid physical expression of Africa–China relations of that era (Monson, 2009; Snow, 1988; Yu, 1971). In recent times, however, this infrastructure investment has been on the ascendency with Chinese firms constructing roads, bridges, hydro-dams, sewage systems, and government buildings across the continent. The $200 million African Union (AU) new ultra-modern headquarters in Addis Ababa, Ethiopia, which was inaugurated in 2012, was fully financed and built by China as a gift to the AU. This gesture is symbolic of China’s new interest and engagement in Africa.

In several countries such as Nigeria, Ethiopia, Angola, Kenya and Tanzania, Chinese government and multinationals have taken the approach of bundling together business and development assistance packages in funding projects in Africa. This integrated approach is presented by Chinese officials as a win–win model and has both negative and positive implications for African economies. In the next section, I will examine China’s unique approach to development assistance and cooperation.

**China’s approach to infrastructure investment in Africa**

China’s engagement in Africa is driven by political, economic and cultural factors (Brautigam, 2009; Jiang, 2009). While the objectives of China’s bilateral and multilateral relations in Africa are similar to those of other foreign actors in Africa, the approach, terms of engagement and the tools used to develop and leverage these relations differ from those of other actors—particularly Western actors. China seems to recognize a particular complementarity between Africa’s endowment as well as its needs and China’s capacity to meet these needs. Most African countries are rich in natural resources, but poor infrastructure remains one of the key stumbling blocks to their development. At the same time, China needs Africa’s oil and minerals to fuel its growing economy and has developed one of the world’s largest and most competitive infrastructure construction industries (Habiyaremye, 2013; Jiang, 2009). This economic complementarity between resource rich Africa, faced with infrastructure challenges, and manufacturing giant China, who is proficient with infrastructure construction firms but also confronted with the need for oil and minerals, shapes the dynamics of China’s increasing engagement in Africa. The nature of China’s investment and development assistance to Africa strengthens this complementary. China offers to its African partners an approach to development cooperation based on an integrated system that bundles trade and investment instead of offering only foreign aid (Moyo, 2009). China’s integrated aid strategy and scheme of financing in which it provides its large state-owned firms with export credits, securitized by access to an African country’s resources through agreement with the government of the African economy, has been termed ‘Infrastructure for resources’ or ‘Angola mode’ (Chen, 2010; Corkin, 2013).

This type of natural resource backed financing deal has become embedded in China’s policy of engagement with resource-rich countries in Africa, but it did not originate in China and it is not unprecedented. China adapted this strategy from its engagement with Japan in the 1970s (Brautigam, 2011). According to Brautigam, ‘China learned from Japan the current system of using commodities as security for a commercial line of credit that enables a country to finance a specific investment today, and pay for it later with future earnings’ (Brautigam, 2011: 5). China believes its experience with Japan was a ‘win–win’ for both parties, and thus has adopted a similar strategy in Africa. There are incentives associated with this arrangement for both China and the receiving nation since ‘securing the investment with a resource flow reduces the risk and allows the interest rate to be lower, and the loan to be cheaper’ (Brautigam, 2011:5). Under this arrangement, the funds earmarked for specific projects are not directly transferred to the recipient government (as illustrated in Figure 1). Instead, China signs a framework agreement with the recipient government covering a certain ***program*** of infrastructure investments. The projects are then contracted to a Chinese construction firm. At the same time, a Chinese company is awarded rights to begin procurement or production of the natural resource, be it oil or any other minerals. The Chinese contractor undertakes infrastructure works supported by a credit from Chinese bank, usually Exim Bank. As a guarantee, repayment is in the form of oil ***produced*** or other natural resources directed to a Chinese company (Foster et al., 2009).

**Figure 1.**

Structure of ‘Angola Mode’ arrangement.

Source: Adapted from Foster et al., 2009.

Hitherto, this mode of financing has been used across Africa (oil in Congo-Brazzaville, sesame in Ethiopia, even tobacco in Zimbabwe) (see Brautigam, 2011: 3). It was used to build the Bui Hydro Dam in Ghana, which I will discuss in detail below. The Bui Dam project required huge capital and the Ghanaian government was finding it difficult to secure funding for the project.10 While Ghana’s traditional partners such as the World Bank were concerned about the environmental impact of the dam as well as the loan repayment ***plans***, China stepped in and offered an innovative solution. The Chinese proposed to accept Ghana paying back the loans in cocoa beans.11 Similar arrangement was made in Ghana’s Gas Pipeline project, as I discuss below.

As stated earlier, this Chinese approach to development assistance and economic cooperation differ from the methods of other economic actors in Africa, both in their content and in the norms of aid practice, and is part of an increasing phenomenon of South–South economic cooperation among developing nations. Key principles espoused under China’s support include mutual benefit, reciprocity, and complementarities and the stipulations are grounded in bilateral agreements among states (Foster et al., 2009: xvi). Unlike traditional Official Development Assistance, Chinese infrastructure financing is channeled not through a development agency, but through state-supported institutions such as the Exim Bank (Foster et al., 2009: xvi).

Influenced mainly by their own experience of development and by the requests of recipient countries, the Chinese aid and economic cooperation ***programs*** have emphasized infrastructure development at a time when traditional donors, including Washington and other Western countries and organizations, have downplayed these arrangements. While western development assistance have rarely focused on infrastructure, Chinese assistance focuses on the infrastructure sector as China sees sustained development as a key prerequisite for mutually beneficial economic development.12 As one analyst has observed, since Africa’s independence ‘there rarely has been such rapid and intense investment in African infrastructure as is going on today’ (Reisen, 2007: 8).

Chinese assistance for infrastructure is not without strings, however, as many loans and grants are tied to Chinese input. China builds into its loan considerable use of Chinese inputs since the finance is secured in China and generally is limited to the use of Chinese (and some local African) inputs. Understandably some analysts are critical of China’s extraction of natural resources through the mechanism of the Angola Mode.13 Moreover, China’s practice of bundling together aid, trade and investment makes it difficult for researchers to determine their respective effects, and this problem is also complicated by the lack of Chinese transparency. Consequently, some analysts lump loans, investment and aid into one category, which may project an inaccurate image of Chinese influence in Africa. As Brautigam (2009) rightly points out, the amount of Chinese aid reported is often inaccurate, including the confusion of Chinese renminbi (RMB) for US dollars.

Such lack of transparency in China’s infrastructure investment, however, does not negate the fact that such projects are crucial and make significant contributions to infrastructure development in Africa. Given the scale of infrastructure deficit across the continent, Chinese infrastructure investments represent a vital contribution to the continent’s development. Certainly without roads, affordable telecommunication, and electricity, businesses in Africa cannot operate and African economies will continue to experience severe development hindrances. In many African economies, including Ghana, deficient infrastructure has been identified as one of the key obstacles hampering economic development objectives (see Tables 1 and 2). According to the World Bank, Sub-Saharan Africa lags behind other developing regions on most standard indicators of infrastructure development (Foster et al., 2009). The infrastructure gap is a challenge for African countries as it is estimated at about US$10 billion a year for minimum investment needs and US$22 billion required to meet the Millennium Development Goals (Bosshard, 2007; see also Foster et al., 2009). Against this backdrop, many African governments have therefore welcomed China’s new role as a partner and a source of infrastructure finance. Despite the political and economic success in recent times, Ghana is no exception to this infrastructure deficiency.

**Table 1.**

Sub-Saharan Africa infrastructure financing needs.

| **Infrastructure** | **Capital expenditure** | **Operation and maintenance** | **Total spending** |
| --- | --- | --- | --- |
| ICT | 7.0 | 2.0 | 9.0 |
| Irrigation | 2.9 | 0.6 | 3.5 |
| Power | 26.7 | 14.1 | 40.8 |
| Transport | 8.8 | 9.4 | 18.2 |
| Water supply and sanitation | 14.9 | 7.0 | 21.9 |
| **Total** | **60.3** | **33.1** | **93.4** |

Source: Foster and Briceno-Garmendia, 2009.

**Table 2.**

Sub-Saharan Africa infrastructure financing gap.

| **ItemUS$ billion annually** | **Power** | **ICT** | **Irrigation** | **Transport** | **Water** | **Total** |
| --- | --- | --- | --- | --- | --- | --- |
| Infrastructure spending needs | −40.8 | −9.0 | −3.4 | −18.2 | −21.9 | −93.4 |
| Existing spending | 11.6 | 9.0 | 0.9 | 16.2 | 7.6 | 45.3 |
| **Infrastructure Financing gap** | **29.2** | **0.0** | **2.5** | **2.0** | **14.3** | **48.1** |
| Efficiency gap | 6.0 | 1.3 | 0.1 | 3.8 | 2.9 | 17.4 |
| **Funding gap** | **23.2** | **−1.3** | **2.4** | **−1.9** | **11.4** | **30.7** |

Source: Foster and Briceno-Garmendia, 2009.

**Addressing Ghana’s (energy) infrastructure deficit: the China factor14**

Much of Ghana’s recent relations with China are driven by politico-economic conditions in Ghana. Consequently, it is important to understand Ghana’s recent political history and development experience to appreciate how and why it seems to have given China such significant *space* in its economy, particularly in its energy sector. Ghana has seen major economic and especially political stability in the last two decades. The commencement of commercial oil production in 2010 combined with prudent economic management has improved the nation’s credit rating and made it one of the most preferred destinations in Africa for investment. Ghana has also successfully raised its international reputation through successful elections and peaceful transfer of power. However, Ghana like other African countries faces significant development constraints in the areas of infrastructure and power generation. This deficit has gravely limited the country’s ability not only to meet the growing demand of its people but also to attract and absorb large investment for economic growth and job creation. The country has more than an estimated $2 billion financing gap for necessary infrastructure (Foster and Pushak, 2011). To overcome this infrastructural shortfall, Ghana has relied on China in recent times as an important development partner for assistance in sectors largely neglected by Ghana’s traditional partners, such areas as development of roads, energy and telecommunication infrastructure.

Chinese assistance has become even more critical following the rebasing of Ghana’s economy in 2010, effectively making the country a middle income country five years ahead of its original vision, with huge implications on where it can secure development financing. In November 2010, Ghana became a middle-income country through a somewhat unconventional and in many ways unexpected approach: a technical statistical adjustment (Todd and Majerowicz, 2012). While it had seen GDP growth from 1.4% in the 1970s to 5.5% for the past decade, ‘a GDP rebasing exercise recalculated how to measure the economy and Ghana suddenly found that its official GDP per capita was not under $800 as previously thought but rather $1,363’ (Todd and Majerowicz, 2012: 1). This accelerated leap put the country into a new income category overnight and had profound consequences for Ghana.15 Since income categories are used by many international organizations to classify countries, for differential treatment, there was an immediate lessening of Ghana’s eligibility for concessional finance from the World Bank, Ghana’s single most important creditor for the past three decades (Todd and Majerowicz, 2012).

This loss of concessional finance is taking a toll on Ghana’s economy, and Ghanaian government officials acknowledge this fiscal peril. Notably, the Finance Minister, Seth Terkper, has said in an interview that Ghana’s lower middle-income status has had an impact on the country’s ability to borrow on soft terms, thereby delaying key infrastructural projects. According to the Minister, ‘as a middle income country, some of the sources from which we [Ghana] borrow on very soft terms are no longer available to us [Ghana]. They are dwindling.’16 For example, ‘the World Bank, which gives Ghana the softest loans for roads, power projects, harbours etc., has reduced the length of time for the repayment of these loans and has increased interest rates after the 2011 economic status categorisation.’ According to the Minister, instead of the 40-year duration for the repayment of the loans, ‘now we [Ghana] can only borrow from that same source [World Bank] for 25 years. The interest rate has gone up…from 0.75% to 1.5%.’17 Since Ghana continues to face pressing infrastructure challenges, losing previously reliable sources for financing infrastructure development places intense pressure on the already precarious situation. No sector is more affected by the current situation than the energy sector.

As in most African countries, Ghana has long been battling the problem of supply of consistent energy. Inconsistent electricity supply not only affects the domestic or household level, but has led to a drastic scale back and even shut down of large industrial operations over the last several years. Although unreliable access to electricity is not new (Ghana suffered energy crises in 1983, 1998, and 2006/7), the recent energy crisis has taken on a persistent pattern unknown in previous years (Rupp, 2013:106). While the nation has attempted to boost its supply of energy over the past few years by considering other sources of energy, Ghana’s consumption of electricity outstripped supply as far back as the mid-1990s as a result of the increase in consumption and the ambitious National Electrification ***Program***, which aimed to bring electricity to rural communities.18 The demand for power is now estimated to be growing in excess of 10% per annum with the electricity supply gap in Ghana oscillating between 300 and 600 MW.19 This shortage and the resulting electricity fluctuations are detrimental to businesses, individuals, and the nation as a whole. For example, Idun-Arkhurst reports that in 2007 the Volta Aluminum Company (VALCO), Ghana’s major foreign exchange earner and an important source of raw materials for many of Ghana’s local companies, was compelled to shut down temporarily for the 11th time in its 40-year history due to chronic power and water shortages (2008:7). Similarly, Coca-Cola also lost $4,000 for every day without power (Idun-Arkhurst, 2008: 7).

As of the time of this article, an ongoing power rationing (or ‘load shedding’ as government calls it) in Ghana has forced some electricity consumers to endure days of blackout, whereas others experience power outages every four to six hours.20 The effects and frustrations posed by the consistent power outages are felt in workplaces, homes, schools and hospitals. The storage of food, academic activity, and artisans such as hairdressers, welders, and health care providers are all dramatically affected by the power shortage.21

While many factors account for the shortage of electricity, one of the most significant is the fact that since 1965, Ghana has relied principally on Hydro sources. Hydro sources, however, dictate that consistent power supply depends on availability of rainwater to fuel hydro dams, such as the Akosombo, Kpong, and recently the Bui Dam. Due to low rainfall in the catchment area of the Volta River in recent years, the water level of all the dams, especially the Akosombo reservoir, has fallen critically. This scarcity has led to attempts to look for other sources of power such as solar, wind, tidal wave, and biomass, but also gas fired thermal power following the oil discovery in 2007 in Ghana.

All of these developments have made it even more crucial for the Ghanaian government to target prospective partners interested in such sectors of Ghana’s economy. Against this economic backdrop, China has become a key partner in Ghana’s quest for energy security. Chinese assistance in recent times suggests that it recognizes the dire need for energy infrastructure in Ghana, its ability to fill this gap (and how filling this gap helps its own energy needs at home), and its competitive advantage over Ghana’s traditional partners that do not prioritize infrastructure development as part of their development assistance.

Two Chinese financed projects in Ghana are notable for their scope and provide insight into the Ghana–China relationship and China’s integrated strategy of ‘resources for infrastructure’ approach. These are the Bui hydro Dam, and the Atuabo Gas Pipeline. These two examples illustrate how China funds major projects in Ghana, and the impacts of Chinese investment on local development.

**Case 1: Bui Hydro Dam and Ghana’s cocoa**

The Bui Dam is one of the largest Chinese-funded projects in Ghana. The dam is located on the Black Volta River at the border of Bole (Northern Region) and Bamda (Brong-Ahafo region) districts in the North-western Ghana with portions of the dam project falling with the Bui National Park (see dam location on Ghana map, Figure 2).22 According to the Bui Power Authority, although the vision to construct the dam gained momentum in the 2000s, the development of a hydropower scheme on the Black Volta River at the Bui Gorge had been the subject of many studies: the Russian firm J.S Zhuk Hydroprojeckt conducted detailed studies in 1966; a feasibility study was undertaken by Snowy Mountains Eng. Corp (SMEC) of Australia in 1976, and Coyne and Bollier of France undertook a feasibility study in 1995 (Bui Power Authority, 2012).23

**Figure 2.**

Map of Ghana (showing Bui Dam location).

Source: [*http://ghanamap.facts.co/ghanamapof/ghanamap.php*](http://ghanamap.facts.co/ghanamapof/ghanamap.php) (with author’s insert).

The aim of the Bui Dam project has always been to bring electricity to rural communities that lie far beyond the reach of the national electrical grid. However, the project did not receive the needed funding from Ghana’s partners, including the World Bank, which declined financing it. In October 2006 Coyne and Bellier updated their 1995 feasibility study to enable the commencement of the project after the Chinese government in 2005/06 expressed willingness to extend funding for the Bui Dam and Sinohydro agreed to build the dam. In 2007 the Bui Power Authority Act (Act 740) was enacted by the Parliament of Ghana and received the assent of the President in July of the same year to establish an authority known as the Bui Power Authority (BPA) to ***plan***, executive, and manage the Bui Hydroelectric Project (Bui Power Authority, 2012).

Former President of Ghana, John Kufuor, cut the sod for the commencement of the project on August 24, 2007 and Sinohydro started construction of the main Dam in 2009. The current President, John Mahama, commissioned the first generator in May 2013 and the dam was inaugurated in December 2013 with a capacity of 400 megawatt.

**Finance *plan***

Funding for the Project was based on a hybrid credit facility comprising a concessional loan from the Chinese government and buyers’ credit facility from the Export and Import Bank of China (Eximbank). The original total project cost was about US$622 million, consisting of a concessional loan of $263.5 million (with a fixed interest rate of 2% with a grace period of 5 years and a maturity period of 20 years); a buyers’ credit of $298.5 million (with 12 years’ maturity, a grace period of 5 years, and an interest rate set at a margin of 1.075% over the prevailing Commercial Interest Reference Rates [CIRR]); and US$60 million from the Government of Ghana. According to the officials of the Bui Power Authority (2012), the project experienced a funding shortfall arising from the unanticipated effects of the global financial crisis of 2009 as well as of unforeseen essential works including the diversion of a power line, reservoir clearing, and development of fisheries in the Bui reservoir. The Bui Dam finance ***plan*** is outlined in Table 3.

**Table 3.**

Bui Dam Finance ***Plan***.

| **Source** | **Amount in millions (US$)** |
| --- | --- |
| Concessional loan (CHINA Government) | 263.5 |
| Buyers’ credit (EXIMBANK) | 298.5 |
| Sub total | 562.0 |
| Government of Ghana counterpart fund | 60.0 |
| Original total project cost | 622.0 |
| Additional funds24 | 168 |
| **Final total project cost** | **790.0** |

Source: Bui Power Authority, 2012.

The bilateral agreement between Ghana and China meant that the concessional loan did not attract a guarantee or security, as it was treated as a full faith credit of the Government of Ghana. The buyer’s credit, however, was treated as secured facility and secured through net revenue from a Power Purchase Agreement (PPA) and receivables from the sale of cocoa beans to China (see Habia, 2009).

**Cocoa and loan repayment arrangement**

As in other China EximBank resource-secured loans, the Bui Dam project finance was guaranteed not through oil or minerals, but through export sales of cocoa beans. The Ghana Cocoa Board entered into a Cocoa sales agreement with China’s Genertec International Corporation of Beijing. According to a BPA official, the Chinese guaranteed to purchase 30,000 tonnes of cocoa per year from the Ghanaian government at current world market prices – rather than a fixed price – until the dam became operational.25 Cocoa revenues were deposited in an escrow account with the EximBank back payments from Ghana. Until the Bui Dam becomes operational and begins to generate revenue to service the loan cocoa revenues are deposited in an escrow account with the EximBank as security for loan repayments (note that during the construction period there is a moratorium on the payment of the principal, which means that only interest has to be paid in that period).26 If all the funds in the escrow account are not needed to pay the interest, then the excess amount reverts to the Ghanaian government (Ministry of Finance and the Central Bank). Once the dam is operational within five years of the signing of the loan agreement, the cocoa agreement ends. Other details from BPA officials suggest that when the Bui Dam is operational and the cocoa agreement expires, 85% of the proceeds from sales of energy generated by the Bui Dam will be placed in an escrow account held by China EximBank to service the debt. The remaining 15% will be used to meet the Bui Power Authority’s administration costs. If not all the 85% is needed for debt servicing, the excess amount will revert to the Government of Ghana. If Ghana decides not to withdraw the excess money from the escrow account, the funds will earn interest.

As stated earlier, the loan agreement also required Ghana’s Ministry of Energy to enter a Power Purchase Agreement (PPA) with the Electricity Company of Ghana (ECG) for the purchase of the energy to be generated from the Bui plant. The price was tentatively set within the range of 3.5–5.5 US cents/KWh.27

**Bui Dam: benefits for Ghana, and China**

The Bui Dam (Figure 3) reveals several aspects of Chinese recent engagements in Ghana and Africa as a whole. The interaction leading to the construction of the dam is symbolic of the new era of China–Ghana relations. The arrangements also represent the changing nature of the relationship between Ghana and its traditional western financial institutions, such as the World Bank and the IMF. As it was revealed to me during interviews with key officials,28 the Ghanaian government initially sought financing from the World Bank, but the bank withdrew its support for the project following an environmental and social impact assessment in the Bui National Park area that apparently revealed adverse environmental impacts, such as loss of fauna and flora, as well as the social cost of displacing local inhabitants. Not long after this assessment that triggered the World Bank’s refusal to finance, the Chinese government agreed to take up the project following President Kufuor’s visit to China in 2006.29

**Figure 3.**

Bui Hydro Dam.

Source: Bui Power Authority (2013).

Notably, the Bui Dam project was financed through a resource-secured loan and a hybrid finance facility. This innovative financing scheme shows how Chinese officials can combine different financial instruments to support a large project. Part of the finance might qualify as ODA, but not the entire package. This financial structuring also gives some insight into the way in which Chinese banks can secure their loans with decreased risk—a resource–backed arrangement that allows them to provide more debt finance than might otherwise be the case.

Moreover, China and Ghana see the project as an example of the so-called win–win approach to development cooperation espoused by the Chinese in their engagements across Africa. Whereas the government of Ghana has been facing a persistent energy crisis, Ghana’s growth potential has significantly slowed with businesses scaling back or shutting down operations. Thus the government of Ghana is desperate to relieve its energy crises that have bedeviled it in the last several years, but lacks the financing resources to increase the country’s energy supply capacity. China’s willingness to extend funding for the Bui Dam and Sinohydro’s commitment to build the dam at the time when Western donors and financial institutions were unwilling to fund the construction of the dam came as relief to the Ghanaian government.

The Ghanaian government hails the addition of 400 megawatts of electricity to the national capacity as an important step towards bringing the energy crises under control. The government believes that ‘the energy crises in Ghana could be a lot worse had it not been the Bui Dam coming on stream.’30 Although the project was designed primarily for hydropower generation, it also includes the development of an irrigation scheme for ***agricultural*** development and presents an opportunity for enhanced ecotourism and fisheries. The Bui project also includes a Resettlement and Community Support ***Program***. 31 According to the Bui Power Authority (2012), in addition to the electricity generated, close to 6,000 Ghanaian artisans / laborers have been employed on site at the construction’s peak, and others will benefit from the improvement in health, educational, and social facilities, as well as increased irrigation and fisheries development potential at the site.

Moreover, there are other wider benefits of Bui for Ghana’s economic development. Although electricity generation is the central aim, Ghanaian authorities hope to boost consumption of Ghana cocoa and their overall exports to China. Over the last several years chocolate consumption in China is increasing, particularly at the higher end of the market. Ghanaian cocoa is a major export and therefore source of revenue for the Ghanaian government (see Hensengerth, 2013: 295).

The Bui Dam project also fits into China’s own economic and political interests. China’s increasing need for energy and political support and Ghana’s ability to repay China’s loans with guaranteed arrangements were attractive to the Chinese. In the case of Bui Dam, Sinohydro, China’s state-owned construction and hydro engineering company, profits from the project, and China is virtually guaranteed repayment, because Ghana can sell its cocoa and the excess energy ***produced*** by the dam. Furthermore, according to BPA, at its peak, the project employed close to 300 Chinese and 80 Pakistani expatriate staff. The project also gave access to Ghana’s local market for Chinese imported machines and equipment. Aside from the ***strategic*** considerations of energy security and employment creation, other economic and political arguments apply. The Chinese government has been encouraging labor- and energy-intensive Chinese companies in particular to move abroad, since companies at home are meant to move up the value chain, pollution laws are becoming stricter, and labor costs are on the rise in the booming coastal provinces (Brautigam, 2010). Importantly, as Chen and Orr argue in a survey of Chinese construction companies, Chinese firms are looking for long-term engagement in foreign markets and Africa presents China a sustained and substantial opportunity for improving revenue and international competitiveness (Chen and Orr, 2009: 1207–1209).

Notably, the Chinese agreed to fund this project at a time when increasing international criticism of China’s engagement with African countries has emerged. China has been perceived as indifferent to or even supportive of repressive regimes and for undermining progress made in good governance across Africa with its policy of non-interference in domestic politics and support for so-called repressive regimes such as Zimbabwe (see Manji and Marks, 2007; Vines and Campos, 2010). China has focused on Ghana since the last decade to give visibility to its Africa policies. Thus, as Ghana is clearly one of Africa’s successful democracies, China points to its relations with Ghana to support its denial that Beijing is not engaging African despots. China has thus used this project in Ghana to highlight the practical nature of co-development, mutual benefit, and win–win approaches to development cooperation. This assertion of mutual benefit is predictably recognized in some important quarters in Ghana. For example, the win–win understanding is echoed in a speech delivered by Mr Ken Dapaa, the former Minister of Energy under the government of John Kufuor, at the sod cutting ceremony of the Bui Dam. Mr Dapaa said, ‘Mr Chairman… as for the President and the members of Sinohydro corporation team, I would like to say that the negotiations were tough, but both sides worked with the spirit of a give and take to make the Engineering, Procurement and Construction contract a win–win contract. This spirit has brought us together as one family and I am very certain that this relation would be maintained during the development phase’ (quoted in Habia 2009: 112–113). These expressions suggest the Ghanaian officials’ sense of China’s economic value to them and the extensive role they are willing to allow China in the country. The friendship and cooperation between Ghana and China on this particular project encourages political solidarity and stimulates other sectors, including Ghana’s nascent oil and gas industry.

**Case 2: Atuabo Gas project and Ghana’s oil**

Following Ghana’s discovery of oil in commercial quantities in 2007 at the Jubilee Field and subsequent production of oil, former President Atta Mills commissioned a task force to review and make recommendations on how best to deploy Ghana’s oil and gas resources for national development through its gas commercialization infrastructure system.32 The task force recommended an evacuation and treatment of associated gas from the Jubilee Field production. This led to the creation of the Ghana Gas Company that was assigned the responsibility ‘to build, own and operate infrastructure required for the gathering, processing, transporting and marketing of natural gas resources.’33 Ghana Gas also recommended the development of gas processing infrastructure projects in Atuabo, Domunli, and Esiama in the Ellembelle and the Jomoro districts in the Western region of Ghana.

The Atuabo Gas project located on the coast of western Ghana is part of the Western Corridor Gas Infrastructure Project of the government of Ghana (see Figure 4). The project includes the installation of offshore pipeline from the Jubilee Field; a gas processing plant with a capacity to process 150 million standard cubic feet of gas; a Natural Gas Liquids export system for the export of LPG; a construction of a 120 km pipeline to further transport processed gas to the Aboadze thermal power station; and an office complex. Construction work on the gas plant started in August 2012 with the Chinese state owned enterprise Sinopec International Petroleum Corporation as the lead contractors. The plant will receive and treat raw gas from the offshore Floating Production, Storage and Offloading (FPSO) facility named ‘Kwame Nkrumah’ (after Ghana’s first President).34 The plant began commercial production in 2015.35

**Figure 4.**

Atuabo Gas Plant (a portion of plant under construction).

Source: Ghana Gas Company, 2013.

**Finance *plan***

In 2010, Ghana’s former President Mills led a business delegation to China to finalize negotiation for a $3 billion loan facility to Ghana. This loan facility is dedicated to the Western Corridor Gas Infrastructure Development Project for construction or rehabilitation of roads, ports, and oil and gas processing. Out of that amount, $1 billion was allocated for the Gas processing infrastructure projects at Atuabo, Domunli, and Esiama in Ghana. The facility was secured from the Chinese Development Bank (CDB) on a non-concessional basis through Ghana’s Ministry of Finance and Economic ***Planning***. The government of Ghana is to raise 15% of the total amount while the CDB funds the remaining 85%.36 The loan is to be paid at LIBOR (London Interbank Offered Rate) plus 2.95 per cent with an upfront fee of 0.2% and commitment fees of 1% per year.

**Oil and loan repayment arrangement**

The whole US$850 million (part of the $3 billion loan) investment ***program*** of Ghana Gas is collateralized against Ghana’s share of crude oil from the Jubilee field.37 Ghana National Petroleum Company (GNPC) and UNIPEC signed a commercial agreement that committed Ghana to supply crude oil to the Chinese to repay the $3 billion loan. Under the agreement UNIPEC has secured an off-taker contract to lift Ghana’s share of crude from the Jubilee Field, in which Ghana is committed to supply about 13,000 barrels of oil daily for fifteen-and-a-half years to pay the $3 billion loan. The Ghanaian parliament gave its assent to the agreement in February 2012 following a long and heated debate between the majority (National Democratic Congress), which was in support of the deal, and the minority (led by the New Patriotic Party), which felt that the commercial agreement was exploitive and not in Ghana’s interest in the long term.

As with the Bui Dam, the $3 billion infrastructure loan has raised a number of issues that continue to be debated in the media and other circles. The controversies surround Ghana’s government forfeiting to meet its part of the bargain.38 This forfeiture is compounded by the fact that the agreement anticipates that 60% of the value of contracts involved in the gas project will go to Chinese vendors. This one-sided allocation of future value was noted by many observers, including civil society organization the Danquah Institute, which believed that the Chinese deal was not value for money.39 Some also suggest the price of the individual projects were forecast in deceptively broad terms so that when the deals are finalized, the ordinary Ghanaian will not be able to determine whether the arrangements are value for money or even where the budgeted money actually goes (Mohan, 2015: 50). There are also issues around the country’s level of national debt, which has increased exponentially from $8 billion to around $20 billion under the National Democratic Congress government since it took power in 2008 (Mohan 2015: 50).

**What does Ghana benefit from the Atuabo plant?**

As with the Bui Dam project, the Ghana government is pursuing this project against all the criticisms highlighted above because of the perceived ***strategic*** importance of the project to Ghana’s energy independence. Ghana has suffered continued power outages across the country, in large part owing to disruptions on the supply side. For several years now Ghana imports gas from neighboring Nigeria via the West African Gas Pipeline (WAGP). As has been noted, over the years damage to the pipeline and high volatility in Nigerian exports have led to repeated gas shortfalls in Ghana.40 This situation has forced the Ghanaian government to replace gas with oil in its thermal generators, costing government millions of dollars per day. The biggest expectation of the plant is that the gas facility will help to close the gap between electricity supply and demand in Ghana. Gas from Atuabo will feed the VRA’s Aboadze thermal plant, offering a more stable and lower cost source of supply. Also, the reduced oil import burden is important to the Ghanaian government, given its rising debt load and heavy budget deficit.41 In addition to supplying gas to the Aboadze thermal plant, the plant will also ***produce*** liquefied petroleum gas (LPG) at a peak production rate of 4,900b/d, for domestic use.42 Currently, all of Ghana’s LPG is ***produced*** at the Tema Oil Refinery (TOR), whose capacity is around 1,500b/d, but its output significantly lower.43

Besides power generation, the projects will create employment opportunities for Ghanaian nationals, especially those training for job opportunities in the oil and gas sector (Darkwah, 2013). Other benefits include the creation of new infrastructure to support a vibrant petroleum and petrochemical industry and provide a new economic growth pole for Ghana starting with the Western Region.44

**How will China benefit?**

For China, this project presents a win-win situation: China can ensure that the commercial loan is repaid, and obtains the much-needed oil, and establish contracts for its construction and procurement firms. The $3 billion CDB loan to Ghana for the gas infrastructure means that at least three Chinese firms are involved in Ghana’s nascent oil and gas sector. As part of the Master Facility Agreement (MFA), Sinopec, the lead contractor, secured the contract to construct the gas infrastructure under a $850 million subsidiary agreement. Second, SAF Petroleum Investments, a subsidiary of Sinopec, procures items required for the gas project and resells them to Sinopec. Third, UNIPEC is another subsidiary of Sinopec and is considered China’s largest international trade company. Its business focuses on trading in crude oil and LNG. As stated earlier, as part of the MFA, Ghana is required to supply 13,000 barrels of oil daily for fifteen-and-a-half years to pay the $3 billion loan. UNIPEC secured an off-taker contract to extract Ghana’s share of crude from the Jubilee Field.45

**Conclusion: implications of China’s approach to infrastructure development in Ghana/Africa**

China’s increasing involvement in the energy infrastructural sector in Africa can represent a critical entry point to understand the broader implications of the China–Africa relationship and how China’s approach to the continent differs from those represented by other donors. The two cases discussed above reveal a number of important features in China’s engagement in Ghana and Africa in general. First, China increasingly favors a deal structure now called the ‘Angola mode’ or ‘resources for infrastructure’ system in which the borrowing country repays the infrastructure development loan through natural resources. As discussed, with this arrangement the funds for the infrastructure are not directly transferred to the government (as the case of the Bui Dam and Gas plant project show). Instead, China signs a framework agreement with the government covering a specific ***program*** of infrastructure investments (Brautigam, 2009; Foster et al., 2009). The government of the beneficiary country awards a Chinese contractor to undertake infrastructure works (determined by the receiving government), supported by a credit from China Ex-Im Bank. Repayment of the loan is in the form of commodity provided to China. This commodity-backed loan, based somewhat on a barter system,46 has a long history on the African continent (Azarya and Chazan, 1987: 117,127). It seems Chinese officials have found a common economic language with African governments in their negotiation over resource backed loans. Evidently, while Western countries and companies will normally expect hard currency in return for their investments or loans (see Sieber-Gasser, 2011; Teunissen, 2005), this deal structure shows that Chinese officials are happy to accept ‘innovative’ ways of payment from their African counterparts. Moreover, this approach seems to correspond to the Chinese interest in natural resource supply from Africa, and at the same time meets African interests in access to finance and infrastructure development. This exchange method allows countries with resources but limited credit-worthiness to use the exploitation of natural resources with the development of infrastructure assets.

But, China’s joint state-business approach to project funding in Africa has implications on the receiving country’s ability to determine fund use. Since the Chinese government has close relationships with many Chinese companies, Beijing is able to give aid and then require the funds be spent on specified Chinese contractors. This arrangement will likely result in the receiving government often being sidelined or forced to deal with new partners, resulting in lack of local control. In the case of Ghana, the sole source negotiation that characterizes the Angola Mode arrangement circumvents the 2003 Public Procurement Act. Moreover, despite a Local Content Bill being debated in Ghana’s parliament targeting 90% local content in the petroleum industry by year 2020, the Ghanaian negotiators accepted 60% of contracts going to Chinese vendors in the MFA regarding the Gas project. Also, as mentioned above, cheap credits from the Chinese government allow Chinese companies to underbid their competitors and engage in possible collusion. This criticism unfolds against the political backdrop that Chinese aid has raised concerns in the donor community for its lack of transparency on the loans provided and missing provisions for improving aid effectiveness. Moreover, some charge that China is only focused on building African infrastructure with little attention to the institutional and operational considerations; and it has refused to adopt the environmental and social safeguard standards adopted by others, such as the World Bank.47

All these concerns notwithstanding, China’s approach in its engagement with Ghana and other African countries suggests that it is charting an innovative path in relation to development cooperation and assistance to African countries. Influenced mainly by its own experience of development, its needs and that of recipient African countries, the Chinese government shows innovative understanding and practices of development. The ‘Angola mode’ of backing infrastructure deals with natural resources, the mixed-package financing mode of commercial and concessional loans, and the so-called no-strings policy regarding political and economic governance are in sharp contrast to the practice of the countries of the global North (Davies, 2008; Rotberg, 2008; Grimm et al., 2011; Hensengerth, 2013). Chinese economic cooperation and assistance emphasize infrastructural development that has been neglected by Western countries and institutions over the years. China is increasingly becoming a partner and an actor that provides resources to African countries to implement projects that are deemed important for social and economic development.

The contribution of infrastructural development to broader economic and social development, particularly in Africa, is now widely acknowledged (see Foster et al., 2009; Amoah, 2014). China’s focus on infrastructural development in Africa, which includes the construction of hydroelectric dams, roads, bridges, schools, hospitals, health centers and other government buildings, is making definite contribution to improving the lives of the continent’s people.48 Moreover, the involvement of Chinese multinational companies in Africa means that there is the potential for China’s engagement to benefit not just African countries but China and Chinese commercial interests as well. There will also be job creation and access to cheaper goods and services than Africans would from their traditional partners, as well as the possibility of technology transfer. For Chinese companies, their global aspirations in Africa would be realized.

However, there are several issues that need to be resolved in order for the aforementioned benefits to be fully realized. While China’s engagement, based on developing win-win outcomes, may provide very substantial resources for critically needed infrastructure, at the same time, China’s substantial assistance raises concerns about debt sustainability and natural resource management. To ensure that Chinese investments have a positive impact, African governments need to, as a matter of urgency, establish and enforce adequate regulatory framework to ensure transparency in decision-making and the implementation of environmental and social safeguard policies, to encourage the transfer of skills and technology, and to require foreign actors to use local labor and construction materials. These broad regulations should be applied to all investors, whether from China, Europe or America. If the issues are not properly addressed, African economies will not only miss out on much needed infrastructural development, but worsen their overall socio-economic condition. Ghana like many other African countries has many development partners but there is evidence to suggest that China’s increased involvement in Ghana has encouraged other nations to step up their engagement in Ghana (Harrison, 2012). This may bode well for Ghana’s development and Ghana seem to welcome this ‘competition’ between foreign nations since it results in more development assistance.49 But it is crucial for Ghana to ensure that China will continue to provide financing within a framework consistent with the latter’s long-term debt sustainability and in line with its ***strategic*** development ***plans***.

**Notes**

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Available at: [*http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=340278*](http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=340278) (accessed March 19, 2015).; 2.See ‘Ghana-China trade exceeds $5billion.’ Available at: [*http://news.myjoyonline.com/business/2015/July-4th/ghana-china-trade-exceeds-5-billion.php*](http://news.myjoyonline.com/business/2015/July-4th/ghana-china-trade-exceeds-5-billion.php) (accessed July 4, 2015).; 3.Interactions between Ghana and China to some extent begun even before the establishment of formal diplomatic relations in 1960. Chinese officials started to engage or court the attention of Kwame Nkrumah before Ghana’s independence in 1957, See Chau, Donovan. *Exploiting Africa: The Influence of Maoist China in Algeria, Ghana, and Tanzania*. Naval Institute Press, 2014. Moreover, Akurang-Parry’s research has shown that as far back as 1874 Chinese labor were brought into the Gold Coast (now Ghana) by the Colonial administrators to provide labor for their needs. See Kwabena O. Akurang-Parry ‘We cast about for a remedy’: Chinese Labor and African Opposition in the Gold Coast, 1874–1914. *The International Journal of African Historical Studies* No. 2 (2001), pp. 365-384.; 4.See Kwame Nkrumah, *Ghana’s Policy at Home and Abroad*, (Washington, DC: information office, embassy of the Ghana, 1957), 3. This is a reprint of Nkrumah’s Speech delivered to the Ghanaian parliament on August 29, 1957. Available at: [*http://www.wdl.org/en/item/651/view/1/17/*](http://www.wdl.org/en/item/651/view/1/17/) (accessed on March 18, 2015).; 5.Kwame Nkrumah UN Speech, quoted in Chau, Donovan. *Exploiting Africa*, 81.; 6.Based on archival research in Accra, Ghana (Ghana Archives July-August 2012). Treaty can also be found in ‘Treaty of friendship, *Peking Review* 4(34) (25 August 1961): 6.; 7.For an interesting discussion on Nkrumah’s attempt to settle the conflict that brought China and the United States to the brink of hostilities (the Vietnam War) see Snow (1988: 109). See also Armah, 2004.; 8.Ghana–China relations under Kufuor saw massive infrastructural projects supported by China, of which the flagship example is the Bui Dam Project. See Boafo Arthur, 2007; see also Amoah, 2014.; 9.See Business and Financial Times: ‘China’s romance with Ghana’. Available at: [*http://www.businesstimesafrica.net/btm/details.cfm?prodcatID=6&tblNewsCatID=47&tblNewsID=461*](http://www.businesstimesafrica.net/btm/details.cfm?prodcatID=6&tblNewsCatID=47&tblNewsID=461)) (accessed March 10, 2015).; 10.Interview with Bui Power Authority Official, Accra, August 2012.; 11.Interview with Bui Power Authority Official, Accra, August 2012.; 12.Interview with Chinese academic, Peking University, Beijing March 28, 2014.; 13.Williams, J. ‘Rethinking China’s ‘Exploitation’ of Africa - China Hands.’ 2014. Available at: [*http://www.chinahandsmagazine.com/2014-jameswilliams-rethinkingexploitation.html*](http://www.chinahandsmagazine.com/2014-jameswilliams-rethinkingexploitation.html) (accessed March 13, 2015).; 14.It is important to mention that China is not the only foreign entity that is engaged in Ghana’s energy sector. Ghana’s energy sector continues to expand its capacity and continues to receive foreign assistance and government funds. India, Spain, and other countries have assisted with millions of dollars enabling Ghana to undertake energy related projects across rural areas in Ghana. But so far China has contributed in most substantive terms considering the number of projects and amount of funds involved.; 15.It is instructive to note that a middle income status also comes with other opportunities that are useful for the country in questions not least of which is that it also opens doors for other sources of raising revenues including the international bonds market.; 16.See Myjoyonline: ‘Ghana’s middle income status impedes infrastructural dev’t but IMANI disagrees.’ 2013. 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See also Habia, 2009.; 24.It was confirmed in an interview with BPA official, in September 2012 that the government of Ghana secured an unanticipated $168 million in 2013 to complete the project.; 25.Interview with Bui Power Authority Official, Accra September 2012.; 26.Based and interview with Bui Power Authority official September 2012; and Report by Ghana’s Parliamentary Finance Committee July 2007.; 27.Report by Ghana’s Parliamentary Finance Committee July 2007 cited in Habia, 2009: 63.; 28.Interview with Ghana Government official, Accra, August 2012.; 29.Ibid.; 30.Minister of Power, Dr Kwabena Donkor, at a press conference in Accra in February 2015; 31.‘Bui Power Authority-Ghana’ website. Available at: [*http://www.buipowerauthority.com/*](http://www.buipowerauthority.com/).; 32.Interview with Ghana Gas official in Accra, September, 2012, Accra.; 33.Ghana Gas Company website. 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Available at: [*http://www.ghanagas.com.gh/en/the-project/financing-****plan****.php*](http://www.ghanagas.com.gh/en/the-project/financing-plan.php) (accessed February 25, 2015).; 37.In July, 2014 in a rather surprising twist to the saga of the $3 billion CDB loan Ghana government announced a proposal to take only $1.5 billion instead of the $3 billion as originally signed.; 38.Interview with Franklin Cudjoe, CEO IMANI (Policy Think Tank), Accra. August, 2012.; 39.Interview with Gabby Ochere Darko, Director Danquah Institute Accra, August 2012.; 40.See “ Atuabo gas project start-up will boost Ghana’s energy sector”. Available at: [*http://www.businessmonitor.com/news-and-views/atuabo-gas-project-start-up-will-boost-ghanas-energy-sector#sthash.iFYxPaIT.dpuf*](http://www.businessmonitor.com/news-and-views/atuabo-gas-project-start-up-will-boost-ghanas-energy-sector#sthash.iFYxPaIT.dpuf).; 41.See “Atuabo gas project start-up will boost Ghana’s energy sector”. 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**Body**

**ABSTRACT**

Africa is being re-imagined as a knowledge economy, and higher education (HE) systems have been propelled into the centre of national economic ***plans*** and strategies. This paper provides an analysis of four recent major initiatives directed to the revitalisation of HE in sub-Saharan Africa: the Pan African University (2010), the Africa Higher Education Centers of Excellence Project (2014), The Kigali Communiqué on Higher Education for Science, Technology and Innovation (2014), and the Dakar Declaration and Action ***Plan*** on Revitalising Higher Education for Africa’s Future (2015). Guided by critical frame analysis, we examined assumptions and expectations of these regionally/globally structured HE development agendas. The findings show that, while there is a convergence of thinking on the promise for economic transformation held by invigorated HE sectors in Africa, there are uncritically adopted premises about how this transformation is to be achieved. In particular, we find that the promise held out for economic transformation through HE is at risk of failing through the inadequate contextualisation of global policy orthodoxies to African conditions, and that some of the premises about the nature and scale of the economic transformation required to make the re-imagined Africa a reality need to be reconsidered.

**FULL TEXT**

**Introduction**

Before the advent of the knowledge economy discourse, African governments had been discouraged for decades from investing in their higher education (HE) systems. From the late 1970s to the early 1990s, the period when the indebtedness of African countries deepened and economic recession undermined social services (including education), the World Bank, the leading external education financer in sub-Saharan Africa (SSA) (Jones, 2007), justified its educational lending on the basis of the social rate of return to investment in different levels of education (Samoff and Carrol, 2004). Maintaining that investment in HE had lower social returns, the Bank called for the redirection of public funding to basic education on the grounds of greater social benefits (Heyneman, 2003). At a conference with African vice-chancellors in Harare, Zimbabwe, in 1986, the World Bank is reported to have argued that ‘higher education in Africa was a luxury and that most African countries were better off closing universities at home and training graduates overseas’ (quoted in Banya and Elu (2001: 23)). The ensuing change in focus of the World Bank from higher to basic education, coupled with a serious economic and political crisis since the mid-1970s, contributed to what Samoff and Carrol (2004) call a period of ‘higher education decay’ in Africa. Speaking in 2003, Ann Therese Ndong-Jatta, Secretary of State for Education in Gambia, was emphatic: To this day, many countries have not been able to recover from that onslaught on African higher education.

Some of our finest institutions have thus almost been destroyed, thanks to the imposition of bad policies from partners who, in the first place, came out professing to help us. What we received from them was the kiss of death! (quoted in Samoff and Carrol (2004: 1).

The effect of the prolonged neglect of African HE systems was that the region remained on the periphery of the global knowledge economy system. Consequently, Africa ranks lowest in key knowledge economy indicators, including: (a) stocks of knowledge (e.g. the number of qualified researchers, the size of the science and engineering workforce); (b) knowledge creation (e.g. investment in research and development, information and communications technologies (ICT), and education and training; research outputs); and (c) number of patents (Powell and Snellman, 2004). On average, African countries have 35 scientists and engineers per million of population compared to 168 for Brazil and 4103 for the US (ADF, 2013: 2). According to the *UNESCO Science Report 2010*, the continent of Africa had 164 researchers per million individuals in 2007, while the world average was 1081 researchers per million. The situation was even more dire in SSA, which had only 79 researchers per million of population during this period (UNESCO, 2010). Further confirming this lack of capacity, Africa accounts for about 15% of world population but contributes only 0.07% of the world’s patent applications (World Bank, 2014b), and ***produces*** only 1.1% of world scientific knowledge, as measured by publications in scientific journals (ADF, 2013: 2). Africa’s world share in research and development expenditure fell from 1.3% in 1990 to 0.8% in 2000 (UNECA, 2008: 9). Although African governments agreed, in what has come to be known as the ‘Khartoum Decision’, to allocate at least 1% of GDP on research and development by 2010, most remain far from achieving this commitment (AfDB, 2008; 3).

Through a combination of factors, which include the global rise of the knowledge-driven economy and, under its weight, the dramatic *volte-face* of donors (e.g. the World Bank) in their approach to HE in the developing world, Africa has become *imaginable* as a knowledge economy. Under the influence of global and regional policy agents (e.g. AfDB, 2008; AU, 2010a, 2015b; World Bank, 2007, 2014d), and in line with experiences of countries in other regions of the world, nations in Africa have sought to revitalise HE systems through national and regional initiatives. Enabled by shifts in global aid policy, which now embraces support for HE after decades of neglect, and in the face of exponential growth in undergraduate enrolments, the focus is now on increasing the capacity for research within Africa. HE and, by extension, advanced research capability, have been re-cast from the ‘luxury’ that African countries could not afford (Samoff and Carrol, 2004; Obamba, 2013), to a vital and enabling factor for participation in the global knowledge economy (TFHES, 2000).

Clear evidence of the discursive re-positioning of Africa in the global knowledge economy came in July 2015 during the visit of US President Barack Obama to Kenya and Ethiopia, in which the trajectory of African development from aid dependency to entrepreneurialism was re-iterated in public addresses by Obama and the African leaders with whom he met. Kenyan President Uhuru Kenyatta tellingly observed: ‘Gone are the days when the only lens to view our continent was one of despair and indignity’ (quoted in Smith and Mutiga, 2015: paragraph 7). Africa, according to Kenyatta, is on the verge of a ‘Renaissance’, it is ‘open for business’; for Obama, it is ‘on the move’ (Smith and Mutiga, 2015) and its educated youth hold the key to its future. In this narrative, as argued in this article, HE is seen to hold the key to the generation of the highly-skilled workforce required for knowledge-led economic growth. It is against this backdrop that the current HE revitalisation policy moment is enacted.

The aim of this paper is to shed light on key recent HE development initiatives in the region, which we interpret as signals of a significant re-imagining of Africa as a knowledge economy. Four specific initiatives have been selected for analysis: the African Union’s *Establishment of the Pan African University* (2010); the World Bank’s Africa *Higher Education Centers of Excellence Project* (2014); The Kigali Communiqué on *Higher Education for Science, Technology and Innovation* (2014); and the First African Higher Education Summit’s *Declaration and Action* ***Plan*** *on Revitalizing Higher Education for Africa’s Future*, Dakar, Senegal (2015). As little is yet known about outcomes of, and responses to, recent HE initiatives, the account presented in this paper lays the groundwork for further critical analysis.

The remaining part of the paper proceeds in four sections. Following an outline of the methodology for the research in the first section, the second presents an account of the four selected recent African HE development initiatives. The third section problematises issue-framing in the nominated initiatives. Finally, by way of conclusion, we reflect on policy silences and inconsistencies, and highlight the challenges facing Africa’s realisation of its potential as a knowledge economy.

**Methodology and sources**

Methodologically, the paper is informed by issue-framing analysis of selected publicly available policy texts and other related relevant documents. Sociologist Erving Goffman (1974) defines frames as cognitive perceptual structures that individuals use to perceive and represent the reality that they encounter in daily life. They are ‘sense-making’ conceptual constructs ‘that shape the way we see the world’ (Lakoff, 2004: xv), and delineate boundaries to direct attention to a specific target. Seen from a policy perspective, frames define what is seen as an important public agenda and what is marginalised as inconsequential.

Education policy, as any other policy arena, is a site of contested values, especially when it involves the translation of a globally-defined agenda into local practices, as is the case with the initiatives discussed below. As documented in Molla (2013, 2014), following widespread criticism of coercive pathways of policy influence such as aid conditionality, donors increasingly rely on knowledge-based regulatory instruments. They discursively frame their policy preferences, priorities and choices. In a policy process, framing refers to the act of signifying some issues as problems using specific types of constructs that fit the policy agent’s worldview and interest while marginalising alternative issues and agendas. Hence, issue-framing analysis enables us to unmask what issues are prioritised in policies, whose interests are represented, and what perspectives and alternatives are excluded as irrelevant or non-existent. In other words, issue-framing analysis takes into account contexts, power relations and agents interacting in a policy space. Focusing on discursive constructions of meaning and associated material effects, policy frame analysis, as one aspect of critical discourse analysis, aims to detect silences, multiplicity of intentions and latent inconsistencies (Rein and Schön, 1996).

The main sources of data are publicly available policy texts and other related relevant documents, including the African Union’s *Establishment of the Pan African University Statute* (AU, 2010b); the World Bank’s *Africa Higher Education Centers of Excellence Project* (World Bank, 2014a); The Kigali Communiqué on *Higher Education for Science, Technology and Innovation* (the Government of Rwanda and the World Bank, 2014); and the 1st African Higher Education Summit’s *Declaration and Action* ***Plan*** *on Revitalizing Higher Education for Africa’s Future* (TrustAfrica, 2015). These initiatives are viewed as expressions of the new imaginary, and strategies to realize that imaginary.

**Revitalising African HE: Four recent initiatives**

While the concept of the knowledge economy first emerged in the 1960s (Drucker, 1969; Machlup, 1962), it remained relatively arcane until it was taken up by global policy agents such as the OECD (1996), UNESCO (1996) and the World Bank (1999) in key publications that exerted influence on policy making in both regional and national settings. Especially with the introduction of the Poverty Reduction Strategy Papers (World Bank, 2004) in the early 2000s in many SSA countries, human capital development refracted through knowledge economy thinking has become a prominent HE reform agenda. Increasingly educational expenses, both individual and social, are seen as an investment in human capital development. It is argued that HE institutions support the knowledge economy through ***producing*** relevant *knowledge*, training *knowledge workers* and facilitating the conversion of knowledge into *innovation* (Bloom, 2005; Godin, 2006; World Bank, 2009). Workers with continuing learning capabilities, flexibility and skills are the key drivers of the knowledge economy system. Guided by such expectations, HE reforms in Africa have been primarily concerned with addressing issues of efficiency and relevance: that is, whether or not the system has the capacity to meet the economic expectations of society (Riddel, 1999). Subsequently, HE institutions are placed under pressure to tailor education and training to fit the demands of the labour market, which is being progressively re-imagined as one for which knowledge and innovation are central.

In the current conditions of the global knowledge economy, the education sector has become a ‘complex economy in its own right’ (Robertson and Dale, 2015: 153). In developed and developing countries alike, economic growth and productivity constitute the main goals of education and training. Policy effectiveness is primarily measured by cost and economic benefits; institutional viability increasingly depends on profitability; curricular reforms endorse contents for the development of entrepreneurial competence; and learning outcomes are assessed against employability and worker productivity. As Moutsios (2009: 479) observes ‘we are experiencing, at the most official level, not only the transnationalisation of education policy making but also the subjugation of education to the mandates of the global economy’.

With the prevalence of knowledge economy discourse in the global policy space, HE has been propelled into the centre of national economic policy ***plans*** and strategies. In the context of Africa, starting from the early 2000s, international organisations (e.g. the World Bank) and regional agencies such as the African Union (AU) and the African Development Bank (AfDB) have championed the agenda of revitalising African HE, with particular attention to aligning the system with the economic development needs and strategies of national governments (Altbach, 2013). If HE institutions are to contribute to national economic growth and transformation, the argument goes, there should be a high level of knowledge productivity achieved through a *critical mass* of research workforce participants across private and public sectors as well as research centres, institutes and think tanks. The expectation has been that, with the increase of knowledge-intensive economic production, distribution and consumption, the number of research positions both within and outside the HE system will be considerably increased.

As part of the renewed HE revitalisation movement that aims at building the knowledge productivity of African countries, development partners such as the World Bank and regional policy actors (e.g. the AU and AfDB) have put new initiatives in place. These global and regional actors, together with national policymakers, hold that an increased investment in, and expansion of, postgraduate ***programmes*** enhances the institutional research capacity of universities and, following the knowledge economy narrative, strong research capacity may be then mobilised to drive technological innovation and economic productivity. In this section, we present four examples of recent global and regional initiatives toward the revitalisation of African HE.

**The African Union’s Pan African University (2010)**

In addition to the ***interventions*** of global development agents such as the World Bank to address research capacity and productivity challenges in Africa, there are key policy actors at the regional level that facilitate policy discussion on science, technology, research and innovation. These include the AU, the AfDB, the African Development Fund (ADF) and the United Nations Economic Commission for Africa (UNECA). In its information note to the ministerial conference on Promoting Science, Technology and Innovation for Development, UNECA and the Commission of the AU stated: ‘These institutions [universities, colleges and research and development centres] offer a fertile ground for seeding, nurturing and developing an innovation society in Africa, given the constant flow of students that pass through to become leaders in the private and the public sectors’ (UNECA and CAU, 2012: 2). Similarly, in its *Strategy for Higher Education, Science and Technology*, the AfDB underscores the urgency of reforming and transforming HE in Africa if the region is to benefit from the global knowledge economy. The AfDB argues that the widening difference in economic growth between Africa and the developed world is largely ‘due to the distribution, use, adoption, adaptation and generation of knowledge’ (AfDB, 2008: 2) and underlines the importance of ‘creating a critical mass of African scientists and technicians’ (AfDB, 2008: 10). The AfDB further notes: African higher education is now at a crossroads…. At the global level, the impact of the unfolding knowledge society is reshaping higher education. The institutions will remain competitive only to the extent that they embrace the knowledge economy and networks, and to turn out an increasingly diversified range of skills in response to development needs. The key challenge for the higher education systems resides in training Africans for the emerging new economy and in maintaining access and quality of outputs (AfDB, 2008: 8).

One of the most important recent regional initiatives is the establishment by *the African Union of the Pan African University* (PAU) in December 2011. The PAU was conceived in 2008 as a response to the need to invigorate HE and research as major tools for ***producing*** competent knowledge workers with the capacity to enable knowledge-driven economic growth in the region (AU, 2010a, 2010b). The PAU places priority on research training, with the aim of training Masters and PhD students in a move to revitalise HE in Africa.

The PAU is not a wholly new university. It is an academic network of existing African institutions operating at graduate level. With its continental headquarters in Cameroon, the University comprises five institutes located in the five geographic regions of Africa, each focusing on one thematic area: Western Africa PAU Institute of Life and Earth Sciences at University of Ibadan (in Nigeria); Eastern Africa PAU Institute of Basic Sciences, Technology and Innovation at the Jomo Kenyatta University of ***Agriculture*** and Technology (in Kenya); Central Africa PAU Institute of Governance, Humanities, and Social Sciences at the University of Yaoundé II (in Cameroon); Northern Africa PAU Institute of Water and Energy Sciences at the University of Tlemcen (in Algeria); and Southern Africa PAU Institute of Space Sciences in South Africa. The hosting institution for the network is yet to be confirmed. The first three became operational in 2013. Among the major funding providers are the AU, the European Union, the AfDB and the German Academic Exchange Service (DAAD).

In addition to the major regional nodes, this continental academic network also consists of a network of research centres across the continent working with the five institutes (AU, 2010a). In establishing PAU, the AU seeks to address serious problems in research productivity in the region through widening participation in post-graduate training ***programmes***, including PhDs and applied research. The institutes and centres of the university are also expected to engage in collaborative and development-oriented research ***programmes***.

The AU believes that the PAU will be a ‘globally competitive and locally relevant’ continental academic and research institution (AU, 2010b). Under Article 3 of the Act of Establishment of the University, the ***strategic*** vision includes: Develop *continental-wide and world-class graduate and postgraduate* ***programs*** in science, technology, innovation, human and social sciences; and…Stimulate collaborative, internationally competitive, cutting leading-edge fundamental and *development oriented research*, in areas having a direct bearing on the technical, economic and social development of Africa (AU, 2010b: 2, emphasis added).

In addition to building networks and partnerships among existing institutions and centres in the region, the PAU seeks to mobilise the African diaspora for its intellectual resources (in the form of teaching and research) and aims to generate revenue from diverse sources. However, there remain many unanswered questions about the future of the PAU. For example, it is not yet clear how the university will ensure sustainable sources of funding. Nor is it clear against which standards it will be accredited, or how the degrees it awards will be recognised across different national jurisdictions.

**The World Bank’s *Africa Higher Education Centers of Excellence Project* (2014–2018)**

The World Bank is the largest external source of education funding for SSA (Jones, 2007). As of July 2015, the Bank funded a total of 544 HE projects, of which 168 were in Africa. Over 250 of the total number of projects had ‘education for the knowledge economy’ as a theme (World Bank, 2015d). According to Claudia Costin, Senior Director for Education at the World Bank Group, ‘The World Bank invests 20% of its education budget for Sub-Saharan Africa in higher education, representing approximately $600 million’ (World Bank, 2015a). The Bank uses what can be referred to as ‘knowledge aid’ as an instrument for the discursive dissemination of policy options (Molla, 2014). The knowledge aid package includes policy research working papers, technical and discussion papers, sector reviews, annual publications and ‘learning events’ such as regional and national thematic conferences, workshops, expert meetings, and intensive courses.

In March 2014, the World Bank approved a flagship project intended to benefit many SSA countries. The *Africa Higher Education Centers of Excellence Project* (ACE) (2014–2018) finances 19 university-based centres of excellence in West and Central Africa. The governments of Nigeria, Ghana, Senegal, Benin, Burkina Faso, Cameroon, Togo and The Gambia receive loans and grants to finance advanced specialised studies in science, technology, engineering and mathematics (STEM)-related disciplines, as well as in ***agriculture*** and health. As the Project Appraisal document shows, the World Bank covers US$150 million of the total cost of over US$290 million (World Bank, 2014b). The ACE project highlights the role of research in providing African nations with ‘knowledge solutions to enhance development’ (World Bank, 2014b: 34).

Key rationales for the project were: (a) a specialised skills shortage; and (b) low research output (Blom, 2012; World Bank, 2014b, 2014d). The Bank noted that African countries have very low researcher-to-population ratios and low research productivity. Drawing on university rankings data, a measurement regime that has emerged with the dominance of knowledge economy discourse (Hazelkorn, 2009), the World Bank pointed to the absence of any university from SSA, other than South African universities, in the top 400 world universities. In the Bank’s assessment, this problem is linked to the shortage of qualified researchers and research trainers in most African universities, where doctorate degree holders are estimated to be less than 20% of the total academic staff (World Bank, 2014b: 4).

The stated objective of the project is strengthening the capacities of African universities to deliver high quality and *relevant* applied research and research education to support the development needs of the region. The project’s innovative aspect is that it aims to ***produce*** competent research graduates *within* Africa and thereby reduce the problem of brain-drain in the region (World Bank, 2014b). The project aims at generating ‘high quality professionals with higher order skills, entrepreneurial spirit, and research capacity, especially within [scientific and technical] S&T fields’ (World Bank, 2014b: 2). This focus is partly reflected in the weightings of the three categories of investment in the project: education for the knowledge economy (75%), health system performance (15%) and technology diffusion (10%) (World Bank, 2014b). Most importantly, the project targets mainly Masters- and PhD-level training. The doctorate is recognised as being essential to the knowledge production process and knowledge-economy capability building. As such it has a prominent, if not central, position in HE policy informed by knowledge economy imperatives as are emerging in many African nations. The Bank’s Implementation Status and Result Report shows that within a year since the enactment of the project, the centres enrolled 3510 students, mainly in Master and PhD ***programmes*** (World Bank, 2015b).

In May 2016, the World Bank approved ACE II for Eastern and Southern part of Africa. The five-year project costs 148 million USD; and focuses on regional priority areas. The Centers will be hosted in 16 universities located in Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, and Zambia. Against the backdrop of the Bank’s strategy for Africa, that is, strengthening “competitiveness and employment through the production of quality high-skilled human resources in priority growth sectors” (World Bank, 2016: 10), the project is seen as an instrument to boost human capital of the participating countries.

In pressing African governments to reform their HE sectors, the World Bank highlights Asian examples to underscore the importance of the knowledge economy for economic growth and poverty reduction. The Bank stresses that: Part of the driving force of the East-Asian economic miracle *was a dramatic build-up of a technical and technological workforce prepared by an ever improving education and applied research system*, in close coordination with well thought-out national and sector policies. These are also capacities which SSA requires for sustaining and further accelerating economic growth (World Bank, 2014b: 2, emphasis added).

In the early 1960s, the Republic of Korea and Ghana had comparable per capita income. Today the two nations are positioned in an opposite end of the economic development continuum. Economists within and outside the World Bank attribute the two countries’ divergent development trajectories to differences in knowledge accumulation and translation through increased expenditure on education, research and innovation (see Figure 1). More specifically, the World Bank (2002) maintains, ‘Divergent evolutionary paths in tertiary education policies and practices may have contributed to the growing difference in total factor productivity (TFP) between Ghana and the Republic of Korea’ (World Bank, 2002: 12). Mahbub Ul Haq, renowned economist and leading proponent of the human development paradigm, concurs that economic transformation of the Republic of Korea has largely to do with massive investment in people and technology. Underscoring the value of investment in human capital, Ul Haq (1995) notes, ‘it is difficult to understand how Japan and the Republic of Korea could emerge as the most efficient exporters of steel and steel products, without possessing any iron ore or coal—except in terms of their human productivity’ (Ul Haq, 1995: 19).

**Figure 1.**

Knowledge makes the difference between poverty and wealth: GDP per capita growth in Republic of Korea and Ghana over 40 years.

Source: World Bank (2007: 27).

Nevertheless, there is no consensus on what causes the divergences in the developmental trajectories of the two nations. For example, for economic historian Samuel Huntington the divergent developmental paths between Ghana and the Republic of Korea are attributable to cultural differences in general. Perhaps with a reductionist tone, he argues ‘South Koreans valued thrift, investment, hard work, education, organisation, and discipline. Ghanaians had different values. In short, cultures count’ (Huntington, 2000: xiii).

The World Bank sees the development of human capital as a key element of what it refers to as the ‘four interactive pillars of the knowledge economy’. The Bank holds that ‘a society must have a minimum level of human capital before it can develop an efficient research and innovation system or reap productivity gains from investments in an up-to-date information technology infrastructure’ (World Bank, 2007: 25). At other times the World Bank appears rather to focus on tapping into the global stock of knowledge and adapting it to a local use (World Bank, 2009). It is not always clear whether or not the Bank is committed to seeing African governments strongly support intensification of research activities. In fact, even to tap into the global knowledge base, countries in the region need to develop their own human capital.

**The Kigali Communiqué on *Higher Education for Science, Technology and Innovation* (2014)**

In March 2014, the Government of Rwanda and the World Bank co-convened a High Level Forum on *Higher Education for Science, Technology and Innovation* in Africa around the theme *Accelerating Africa’s Aspirations*. In addition to ministerial delegates from Ethiopia, Mozambique, Rwanda, Senegal and Uganda, key development partners such as the World Bank, UNESCO and the AU were also represented, as were academics and business people from Africa and other parts of the world. The Forum was guided by the premise that ‘Higher education, particularly in science and technology, holds the potential to be absolutely transformative for Africa’ (World Bank, 2014c).

The Forum underscored that a mass of graduates in science, technology and engineering are key to Africa’s transition to a ‘knowledge-based society within a generation’ (World Bank, 2014c). There was a call for curricular reform, with a focus on the relevance of the curriculum. Beyond ***producing*** limited numbers of professionals for the civil services, HE courses and ***programmes*** should focus on meeting the needs of business and the private sector; promoting innovation and entrepreneurship should be key goals; and graduates need to have the knowledge and skills that employers need (Cuthbert and Molla, 2015). Overall, HE institutions in the region need to be responsive to developmental needs and aspirations of the society, and to improve employability and productivity of graduates. In his keynote address at the Forum, Mr Makhtar Diop, World Bank Vice President for Africa, emphasised that Africa’s successful integration into the global economy and private sector competitiveness in the region largely depends on quality HE. As part of the effort to align African HE with labour market needs, the World Bank representative also stated that African governments should make concerted efforts to improve university–industry collaboration. He specifically called for African universities to work closely with the private sector. Employers need to be represented on university boards, have voices in curriculum design, and be encouraged to become involved in vocational training ***programmes***.

At the conclusion of the Forum, Ministerial delegates announced a call for action, now known as ‘The Kigali Communiqué’, in which participating governments expressed their commitment to a range of policy actions aimed at restructuring their HE systems: investing strategically, increasing the number of students training in STEM and improving the quality of learning and research. Endorsing the ‘East Asian success’ narrative, they stressed that: Inspired by the recent success of the Asian Tigers, We, the African governments, resolve to adopt a strategy that uses ***strategic*** investments in science and technology to accelerate Africa’s development into a developed knowledge-based society within one generation (The Government of Rwanda and the World Bank, 2014: 1).

The ministerial delegates unanimously affirmed that: ‘It is fundamental for Africa to increase the PhD ***programs*** in the continent and continue to engage in partnerships that increase the number of PhD holders in Africa’ (The Government of Rwanda and the World Bank, 2014: 2). For its part, the World Bank expressed its commitment to expand the *Africa Higher Education Centers of Excellence Project* (phase I, 2014−2018) so that the project’s second phase would benefit HE systems in Southern and Eastern African countries. The Forum endorsed Makhtar Diop’s call ‘to ensure that [HE students] graduate with cutting-edge knowledge that is relevant and meets the needs of the private sector’ (World Bank, 2014c). Like the other three HE development initiatives discussed in this paper, the Kigali Forum echoed the importance of building human capital in the region and highlighted the link between technological capacity and economic growth.

**The Dakar *Declaration and Action Plan on Revitalizing Higher Education for Africa’s Future* (2015)**

It was in a spirit of optimism about the knowledge economy agenda that African leaders and their educational development partners held the inaugural African Higher Education Summit at Dakar in March 2015. At this high-level continental meeting, co-organised by TrustAfrica on the theme *Revitalizing Higher Education for Africa’s Future*, heads of State and government, senior government officials, academics, donors and other stakeholder delegates discussed the role of HE in Africa’s economic and political future. Among the keynote speakers were former UN Secretary-General Kofi Annan; Dr Nkosazana Dlamini-Zuma, Chairperson of the African Union Commission; President Macky Sall of Senegal; and Claudia Costin, Senior Director for Education at the World Bank.

The outcome of the summit, the Dakar *Declaration and Action* ***Plan***, called for the AU and member states to commit to revitalising HE at continental and regional levels. The declaration included a commitment to the ‘provision of high quality, Pan African and globally competitive education’ and ‘promotion of world class culture of research and innovation’ (TrustAfrica, 2015: 3). The declaration undertook to rectify deficiencies in research funding: By 2063, Africa countries should aim to achieve above world averages in levels of gross domestic expenditure in research and development (GERD). Africa’s share of world GERD was a mere 0.9% in 2009, constituting a paltry 0.4% of the continent’s GDP, while the continent’s share of researchers, publications, and triadic patents were 2.1%, 2.0%, and 0.1%, respectively (TrustAfrica, 2015: 21).

One of the ***plan***’s designated priority areas was ‘building capacity in research, science, technology, and innovation’ by, among other things, expanding PhD enrolment and graduation rates.

Currently, Africa has 0.7% PhD enrolments. It should develop a strategy to expand to average levels for emerging economies within 15 years, and to become a global pole of scientific productivity by 2063, with its global share of young PhD graduates and publications proportional to its share of global population demographics, which are projected to be 40% (TrustAfrica, 2015: 21).

Increasing the number of PhDs was seen to be essential to improving the quality of academic staff, curricula and teaching, and to boosting research and research training capacities. In short, it takes PhD graduates to generate PhD graduates.

Following the call of the Dakar Declaration, the 25th Assembly of the African Union (7–15 June 2015, Johannesburg, South Africa) decided to prioritise HE in Africa’s development agenda. The assembly called for the African Union Commission to take the lead in invigorating African HE. The assembly also: …requested member states to, among others, strengthen their support and investment in higher education in order to develop a *critical mass of high level intellectual capital, and promote youth employability through entrepreneurship skills and innovation* (AU, 2015a: paragraph 17, emphasis added).

The last two regional initiatives are closely aligned with the AU’s development goals as stated in *Agenda 2063* (AU, 2015b). In this continental development action ***plan***, the African Union envisioned that by 2063 ‘a knowledge society would be the norm’ in African countries (AU, 2015b: 2), and ‘Africa’s human capital will be fully developed as its most precious resource, through [among other things] sustained investments in higher education, science, technology, [and] research and innovation’ (AU, 2015b: 3).

**Problematising the issue framing**

Policy-issue framing is as much an act of excluding other concerns as a way of defining an agenda to be addressed. The way a problem is represented reflects power relations, which are the function of the economic, political and knowledge resources of the agents involved in a policy process. In the current HE revitalisation movement in Africa, issue framing involves a multi-actor interaction and negotiation in a multi-scalar policy space involving global aid and development agencies as well as continental and regional policy makers. In any policy field, those with the power to set the agenda can also determine the rules of the game, and how and when proposed policy changes are communicated. The political perspective is instrumental in examining donor–recipient relations as a form of ***strategic*** position-taking, in which aid providers and recipient governments constantly negotiate policy options and funding priorities within the limits of their relational positions and resources. In effect, policy priorities and reform agendas reflect interests and priorities of key agents in the ‘aid field’.

In the HE development initiatives summarised above, it is evident that there is a heightened attention to the role of knowledge in Africa’s development future, that HE now occupies a central position in economic growth and poverty-reduction agendas in the region, and that emphasis has rightly been placed on the quantity and quality of research and research training in the region. However, we argue that in order to evaluate the validity of the premises and deliverability of the promises of these initiatives, attention needs to be given to the socio-economic and political forces that have given rise to the re-imagining of Africa as a knowledge economy. We argue that a set of interactive historical, political and economic factors, and the relative power and influence that underpin these, mediate the policy discourse. A political economy perspective on the analysis of HE development in Africa highlights the role of donors as policy actors, and the relative importance of national political will in translating global agendas into local realities. The focus should be on the framers and implementers of the reform agendas, which is closely linked to the phenomenon of globalisation that has redefined the boundaries and scale of public policy domains. With the increased flow of ideas and knowledge from the global field of power into national political arenas, policy making has emerged as a transnational business (Beck, 2005) or, as Stavros Moutisios expresses it, ‘the globalization of the economy is accompanied by the globalization of policy making’ (Moutisios, 2009: 479). Globalisation has led to the increasing influence of international organisations (e.g. the World Bank, OECD, UNESCO and other UN agencies) in national and regional policy processes (Rizvi and Lingard, 2010). They facilitate the convergence of policies and practices through knowledge sharing and by setting standards and strategies to deal with the perils and opportunities of ongoing economic and political integration and interdependence.

In African HE, at least in principle, partnership is a predominant model of interaction between national governments and external development partners. The spirit of partnership in a policy reform process implies that, within a mutually agreed framework, all parties have real influence as well as responsibilities. The assumption is that globally-structured education agendas come into effect only through local mediation and re-articulation (Dale and Robertson, 2012). This in turn implies the importance of analysing the role of the local context, including historical legacies, in translating globally/regionally-initiated HE reform agendas. Hence, it is critical to examine whether or not the policy processes have been participatory in the sense that key local stakeholders have not been excluded from the dialogue. Local stakeholders are more likely to commit to a policy agenda that reflects their needs and aspirations. However, in reality, leading educational donors such as the World Bank have the ‘symbolic capital’ (i.e. legitimacy and recognition that stem from their economic resources and knowledge of the field) (Bourdieu, 1991) to exert immense pressure on national policy actors to endorse globally structured agendas or actively align their policy choices with the policy preferences on offer (Molla, 2013). As such, beyond the formal statements of partnership, agents in the aid field do not have equal power to decide what ‘can be said, and thought, but also about who can speak, when, where and with what authority’ (Ball, 1990: 17). Hence it is worth problematising who is in a position to frame policy problems and devise instruments, and whose knowledge counts as valuable in the policy process.

Three out of the four HE development initiatives reviewed above have been initiated or actively supported by the World Bank. Although the Bank expresses strong commitment for continuing partnership with African governments in supporting HE, the current policy moment has rarely been informed by lessons from past experiences. There is a clear reluctance from the Bank’s side to acknowledge how its past policies and rigid position contributed to the decline of African HE. In addition to countless empirical studies (e.g. Klees, 2010; Molla, 2014; Samoff and Carrol, 2004), a thorough investigation (commissioned by the World Bank and UNESCO) showed that the push towards reallocating public funds from HE to basic education effectively stunted development of HE in the region from the 1970s to the 1990s (TFHES, 2000). For the Bank, those assertions are simply ‘perceptions’ (World Bank, 2002) although it acknowledges that there were ‘decades of limited engagement’ with African HE (Diop, 2014). The lack of an honest and genuine evaluation by the World Bank of the impact of its past actions in the region undermines confidence in current initiatives.

In all its multiple identities – as a bank, a development agency and a development research institute (Harrison, 2004) – the World Bank influences education policy processes in different forms: through funding projects and the provision of knowledge-based services, including policy consultancy and sector reviews. As a bank, it is concerned with recovering its loans, and holds poor countries to the obligation of debt service. Its policy agendas are biased toward economic issues, mainly human capital building and neoliberal accountability of educational outcomes. Focusing on the Bank’s *Education Strategy 2020* document (World Bank, 2011), keywords related to social equality (equality, discrimination, human rights, public good and social return) appeared 19 times while words related to human capital (human capital, economic development, productivity, efficiency and economic growth) and neoliberalism (private sector, decentralisation, market, fee and competition) appeared 44 and 65 times, respectively (Joshi and Smith, 2012: 190). Furthermore, from their analysis of the language of the World Bank reports from 1946 to 2012, Moretti and Pestre (2015: 23) conclude that, although the policy narrative adapts to changing environments (i.e. perceived or real development needs of developing countries), the Bank often frames its reports and texts in words that are ‘extremely uplifting – and just as unfocused: because the function of gerunds [such as fostering, boosting, bridging and levelling] consists in leaving an action’s completion undefined, thus depriving it of any definite contour’. This linguistic practice in turn makes it challenging, if not impossible, to discern the Bank’s undelivered promises in its HE projects in Africa.

The HE development initiatives outlined above also seem to be underpinned by a problematic assumption about the indispensability of HE for Africa’s socio-economic transformation. Given that 60% of Africa’s population is below the age of 35 (World Bank, 2014b), ***strategic*** investment in the knowledge and skills of this generation is indeed crucial. However, the role of knowledge as an economic resource is being imagined in largely agrarian societies in which innovation capability and the advanced ICT required for a knowledge-driven economy are still lacking. For most African states the economic transition being imagined is not that from advanced industrial or even post-industrial economies to knowledge-based economies, but from agrarian economies with low levels of industrial development. Consequently, as documented above, the region has the lowest global level of knowledge production, dissemination and usage capacity as measured by its share of research and development expenditure, scientific publication and patent applications; and there are striking gaps in research capacities between countries (see Table 1 in Molla and Cuthbert (2016)). A holistic regional knowledge economy agenda is problematic since not all countries in the region are equally positioned to realise a knowledge-driven economic system. Among other things, the prolonged intentional neglect and the strong pro-market policy pressure from donors have had differentiated effects across different HE systems. Some SSA countries, like South Africa, have relatively well-developed knowledge-intensive industries and a reasonably substantial budget allocation for research and development. Many others, like Ethiopia and Ghana, still mostly depend on subsistent ***agriculture*** and resources extraction, and invest little in research and innovation. In fact, as we have shown elsewhere (Molla and Cuthbert, 2016), countries such as Ethiopia focus on facilitating technological *transfer* rather than knowledge *production* and technological *innovation* (FDRE, 2010). This is a misguided policy direction because basic research is critical for discoveries and innovation. Nobel Laureate Ahmed Zewail rightly argues that although in the short-term knowledge production may not be profitable, in the long run ‘curiosity pays’; and, importantly, fundamental research ‘is a force that enriches the culture of any society with reason and basic truth’ (Zewail, 2010: 347).

Aspiration for knowledge-driven economic growth is essential for Africa; however, the policy strategy to realise the aspiration necessitates context-sensitive policies and strategies. Needless to say, HE systems in Africa have emerged from different historical and political settings and operate in diverse national contexts; and development needs and priorities of national governments in the region differ considerably. Despite this reality, the regional HE development agendas summarised above seem to be envisioned in isolation from the national and institutional contexts, whereas in practice policy reforms are made in distinct institutional arenas shaped by national specificities. For example, even though governments in SSA have agreed to boost their investment in research and development (UNECA, 2008), many countries in the region have no strong national research system that comprises actors within and outside the university sector (Atuahene, 2011; Cloete and Maassen, 2015). Many countries in SSA do not have comparable research capacities (see Molla and Cuthbert, 2016). Relatedly, as Knorr Cetina suggests, the transition towards the knowledge economy ‘involves more than the presence of more experts, more technological gadgets, more specialist rather than participant interpretations. It involves the presence of knowledge processes themselves… it involves the presence of epistemic practice’ (Knorr Cetina, 2001: 177). That is, knowledge production and application necessitates a functional epistemic community and epistemic practices that, in turn, requires economic resources and political freedom. In the African context, these two conditions are not readily available. National political commitment is a key variable in creating an effective scientific infrastructure that can support a knowledge-driven economic system.

Not only does the knowledge economy agenda lack proper national and institutional contextualisation, but also underplays the non-economic values of HE. It has little or no room for harmonising the economic and social benefits of the sector. The focus is on scientific knowledge and the entrepreneurial skills required for technological innovation and economic productivity. Seldom are issues of social transformation, cultural promotion and political emancipation centrally positioned in HE mission statements in the region. By narrowly focusing on the economic values of HE, the initiatives seem to fail to imagine a ‘developmental university’ that ***produces*** ‘knowledge-in-the-world’ and ‘knowledge-for-the-world’ (Barnett, 2011: 31) in response to critical societal challenges and aspirations. Externally initiated HE development agendas in Africa are also characterised by issue omissions. For instance, the possibility of promoting scientific inquiry outside the university system (including independent research centres and networks of professional think tanks) and mechanisms for translating university research into innovation are missing in the policy discourses.

Another equally critical issue is that the capacity of the private sector to invest in HE and research and development as well as to absorb graduates through generating the appropriate range of high-skilled jobs is still limited, and varies significantly across the region. For instance, graduate unemployment is a pressing challenge in SSA (Mohamedbhai, 2015). In countries such as Ethiopia, graduates enter the labour market with little or no confidence in their employability, which has largely to do with the relevance of their learning experiences, including curricular materials and pedagogic practices. Without first ensuring quality and relevance at national level, there is little hope of improving the standard of HE in Africa through regional harmonisation and tuning.

Finally, we concur with Cloete et al. (2015) that the ineffectiveness of educational development initiatives in Africa has largely to do with a lack of in-depth understanding of the problem to be addressed and contextual factors mediating policy actions and inactions. The pervasiveness of imported expertise in Africa’s HE policy field means that vital local voices and knowledge are marginalised, resulting in superficial framings, issue omissions and poor implementation. As Cloete et al. have succinctly stated: Africa is littered with anecdotal studies, followed by high-profile conferences with grand declarations and recommendations…. The lack of implemented reform in Africa is often lamented as a problem not of good policy but of poor implementation, which is then attributed to a lack of capacity or funds. However, the difficulty actually originates with superficial understandings of the problem, followed by declarations rather than policy, as well as a lack of consensus on what to do. All of this gives rise to inevitable disappointment (Cloete et al., 2015: 10).

In fact, against the backdrop of the World Bank’s position as a global neoliberal agent (Escobar, 1995; Klees, 2010), one might even reasonably question what the Bank really aims to achieve with its development aid in Africa. Critics dispute that development strategies of the World Bank mask the hidden agenda of opening up investment and trade opportunities for transnational corporations of leading capitalist countries such as the USA, which has more voting power to influence decisions and agendas of the Bank than all SSA countries combined (Stein, 2008). The Bank’s focus of development aid supports this claim – through financing the development of transportation and telecommunications, pressing borrowing countries to deregulate their economic systems and opposing minimum wage laws, and insisting on production for export, which chiefly benefits the corporations that control international trade, the World Bank ensures its commitment to globalising neoliberalism (Harrison, 2004; Ilon, 2002). According to Harrison, the close association of the World Bank with the globalisation of market capitalism can also be explained by its commitment ‘to stop all lending to any member state that violates the property rights of a transnational corporation’ (Harrison, 2004: 9).

**Conclusions**

This paper reviews recent global and regional initiatives to revitalise African HE. A key discursive construct that dominates the four HE policy statements examined above is the *knowledge economy*. What is evident in the discursive framing is that the transition from agrarian to knowledge economies is uncritically assumed, without due recognition that the move to knowledge-based economies in advanced economies has occurred from a base of advanced industrialisation and the kind of infrastructure that this entails, especially ICT. This assumption should be problematised, both empirically and theoretically. What is being hoped for in much of Africa is a capacity to transition to a knowledge economy from a base-line that in many countries is pre-industrial (subsistence ***agriculture***, for example) or constituted of primary and secondary industries that employ variable levels of industrial processes and expertise. As we await the outcomes of Africa’s knowledge economy aspirations, to which the HE initiatives outlined in this paper may contribute, there may be a need for some re-consideration of the usefulness of traditional categorisation of economic activities – ‘primary industries’ (e.g. ***agriculture***, forestry, mining and fishery), ‘secondary industries’ (e.g. manufacturing) and ‘tertiary industries’ (e.g. HE and other knowledge economy sectors) – and their sequencing in economic development.

Despite strong pressures for cross-national policy convergence, externally-structured agendas are rarely translated as intended. The realisation of regionally- or globally-initiated development ***programmes*** largely depends on the understanding and consensus of local agents (including non-state actors such as think tanks, professional networks, philanthropic agencies and the independent media) that are better positioned to recognise windows of opportunity for policy reforms and implementation than are outsiders such as donor representatives. Eventually policy actions and inactions occur through local institutions and structures within a specific historical context. As Skogsta notes, ‘Established ideas and interests privileged by existing domestic institutions and the drag of policy legacies are likely to act as bulwarks against the reformist or convergent impulses of globalizing forces’ (Skogsta, 2000: 818). The implication for those involved in the HE revitalisation movement in Africa is that it is important to build real partnerships for ownership of agendas and change, and to democratise national policy fields. HE development initiatives devoid of the active participation of local stakeholders are more likely to reinforce undemocratic policy processes, and thereby jeopardise successful implementation of proposed projects and ***plans***.

Future research on the impact of globally/regionally-initiated HE development projects and ***programmes*** in Africa may benefit from a political economy analytical framework. Such a framework is instrumental in closely examining interests and priorities of key *agents* (e.g. the World Bank, AfDB and AU); *structures* (i.e. contextual factors including historical legacies of prolonged negligence and the prevalence of the knowledge economy discourse); and the *rules of the game* that govern the interactions between and among key stakeholders (e.g. partnership and aid agreements). It is worth asking whether or not the assumed homogeneity in the regional HE development initiatives risks minimising the specific cultural and historical characteristics of different HE systems in SSA to the extent that the realisation of goals is compromised.

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**Body**

The global porcine vaccines market was valued at US$ 1,784.0 Mn in 2016 and is projected to expand at a compounded annual growth rate (CAGR) of 7.0% from 2017 to 2025, according to a new report published by Transparency Market Research (TMR) titled "Porcine Vaccines Market: Global Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2017-2025." The report suggests that increase in the number of hog/swine farms and rise in the demand for porcine meat and gelatin are expected to drive the globalporcine vaccines marketfrom 2017 to 2025. North America and Europe are projected to dominate the global market during the forecast period, owing to increase in the demand for swine meat and high adoption of porcine vaccines for instant treatment ***planning*** by veterinary doctors as well as researchers. The market in Asia Pacific is projected to expand at a rapid CAGR during the forecast period. Growth of the market in Asia Pacific can be attributed to large volume of pig cultivation in countries of Southeast Asia, rising population of pigs requiring treatment for various diseases such as diarrhea and swine influenza, and growth of biotechnology firms ***producing*** swine vaccines in the region. The market for porcine vaccines in Latin America is likely to expand at a moderate growth rate during the forecast period.

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Technological Advancements in Porcine Vaccines to fuel Global Market

The global porcine vaccines market is projected to be driven by value-added features offered by various animal health care companies in order to streamline the day-to-day workflow and increase the revenue. Porcine vaccines provide a wide range of benefits for the treatment of swine diseases. Key players offering porcine vaccines are coming up with vaccines with value-added features such as effective recombinant vaccines, DNA vaccines, and conjugate vaccines. These new features or technological advancements in vaccines reduce the overall vaccination cost and thus, improve the overall effectiveness and efficiency of swine production practices. Companies are focusing on the development of vaccines for major diseases such as African swine flu and porcine circovirus associated disease (PCVAD). Other factors such as growth of biotechnology companies engaged in research and development of porcine vaccines, rise in investments in R&D, and growing government initiatives for funding societies for growth of the ***agriculture*** field are fueling the global porcine vaccines market.

Inactivated Vaccines projected to be Highly Lucrative Technology Segment

Among technologies, the inactivated vaccines segment is anticipated to hold a prominent market share by 2025. The segment is projected to witness growth during the forecast period, due to easy availability, low risk of revert reaction of killed viruses among swine, low cost, and new innovations by key players. The live attenuated vaccines segment is estimated to hold a major market share by the end of 2017, due to increase in broader cross-protective immunity. The segment is likely to be driven by increase in the occurrence of new virus strains of PCVAD or PRRSV and chances of reverse reaction of vaccination, which can infect healthy swine and can spread to the herd. Live attenuated vaccines facilitate outcomes in the treatment of classical swine fever (CSF). Increase in major losses in pig farming due to CSF is likely to fuel the segment during the forecast period.

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Diarrhea and Porcine Circovirus Associated Disease (PCVAD) Segments to lead the Market

The report offers detailed segmentation of the global porcine vaccines market, by disease indication. Based on disease indication, the market has been segmented into diarrhea, swine influenza, arthritis, Bordetella rhinitis, porcine reproductive and respiratory syndrome (PRRS), porcine circovirus associated disease (PCVAD), and others (CHRS, leptospirosis, etc.). Diarrhea and porcine circovirus associated disease (PCVAD) segments are poised to account for a significant share of the market during the forecast period. Factors responsible for higher share held by diarrhea and porcine circovirus associated disease (PCVAD) segments include rising incidence of climatic changes, overfeeding of protein diet, and ingestion of microscopic parasites along with food. Various funding and awareness ***programs*** by government and private animal health care organizations for treating swine diseases have resulted in significant shares held by diarrhea and porcine circovirus associated disease (PCVAD) segments in the global market.

Hog Production Farms Segment dominates Market and is estimated to register the highest CAGR during the Forecast Period

Among end-users, the hog production farms segment accounted for a leading share of the global porcine vaccines market in 2016 and is estimated to gain market share by 2025. It is projected to expand at a CAGR of more than 7% during the forecast period. Expansion of specialized pig production units in major countries worldwide and increasing demand for pork meat and byproducts such as gelatin have led to prominent share held by the hog production farms segment in the global porcine vaccines market. Increasing pork trading and growing number of pig slaughterhouses with the rising demand for pork meat are likely to drive the hog production farms segment during the forecast period. High prevalence and incidence rates of swine diseases in farms have resulted in increased visits by farmers to veterinary hospitals. These factors are expected to fuel the veterinary hospitals segment between 2017 and 2025.

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Asia Pacific to present Immense Growth Opportunities during the Forecast Period

North America and Europe accounted for a significant share of the global porcine vaccines market in 2016 and are likely to gain market share by 2025. High consumption of pork meat and high production of swine have contributed to leading share held by these regions in the global porcine vaccines market. Asia Pacific is projected to be the most attractive market for porcine vaccines by 2025, with the highest attractiveness index. The market in Asia Pacific is projected to expand at a high CAGR of nearly 8% during the forecast period, due to increasing trading of pork meat in developing countries such as India and China. Rising number of production units for hog/swine and high consumption of pork meat in countries such as Japan, Australia, New Zealand, Malaysia, Singapore, and Taiwan are likely to fuel the Asia Pacific porcine vaccines market from 2017 to 2025. The market in Latin America is poised to expand at a moderate growth rate during the forecast period, due to increasing production of pigs in Argentina and increased government funding for R&D in Brazil.

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Key Research & Development Activities and growing Number of Mergers & Acquisitions among leading Global Players have enhanced their Geographical Presence

The report also provides profiles of leading players operating in the global porcine vaccines market. Boehringer Ingelheim GmbH, Ceva Santé Animale, Elanco (Eli Lilly and Company), Merck & Co., Inc., and Zoetis, Inc. are some of the leading players operating in the market, which account for a significant market share. Companies operating in the market are aiming to enhance their geographical presence through ***strategic*** acquisitions and collaborations with leading players in the respective domain and geography. In January 2015, Elanco (Eli Lilly) completed the acquisition of Novartis Animal Health (Novartis AH) for US$ 5.28 Bn. The acquisition has provided Elanco with greater commercial presence in the companion animals & swine sector. Other prominent players operating in the global porcine vaccines market are Bimeda Animal Health, Vetoquinol, and Bayer AG.

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Transparency Market Research (TMR) is a global market intelligence company providing business information reports and services. The company's exclusive blend of quantitative forecasting and trend analysis provides forward-looking insight for thousands of decision makers. TMR's experienced team of analysts, researchers, and consultants use proprietary data sources and various tools and techniques to gather and analyze information.

TMR's data repository is continuously updated and revised by a team of research experts so that it always reflects the latest trends and information. With extensive research and analysis capabilities, Transparency Market Research employs rigorous primary and secondary research techniques to develop distinctive data sets and research material for business reports.

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HINA Digest

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**Body**

Zagreb, 20 February 2018 (Hina) - Croatia signs cooperation agreement with European Space AgencyZAGREB, Feb 19 (Hina) - Croatia and the European Space Agency (ESA) signed an agreement concerning space cooperation for peaceful purposes in Zagreb on Mondayin the presence of Croatian scientific and economic institutions.The agreement was signed by the Minister of Science and Education, Blazenka Divjak, and the head of the ESAExternalRelations Department, Frederic Nordlund.The agreement will accelerate networking between Croatian researchersand European industries andthe development of areas from meteorology and environmental protection to satellite navigation and robotics, Divjak said.She expressed hope that the agreement, signed on the date of birth of Nicolaus Copernicus, would bring about "a Copernican revolution in the relationship between science and industry."Divjak said that the agreement would also support the STEM (science, technology, engineering and mathematics) area which is her ministry's focus of interest.Tajana Kesic Sapic of the Croatian Chamber of Commerce said that the agreement was an opportunity to provide a stronger boost to this area because 90 percent of ESA's contracts are with European companies. She mentioned 550 suppliers from 24 countries, and added that many Croatian companies had shown interest in cooperation.Nordlund said he was pleased with the signing of the agreement, adding that Croatia was already a member of the European space family because it had participated in decisions on projects such as Galileo and Copernicus.

He said that with this agreement Croatia would strengthen its cooperation with the ESA members.The Paris-based ESA is an international organisation consisting of 22 member states: Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Spain, Switzerland and the United Kingdom. Slovenia is an associate member. Canada participates in some projects under the cooperation agreement. Bulgaria, Cyprus, Latvia, Lithuania, Malta, Slovakia and Croatia have cooperation agreements with ESA.ESA's 2017 budget was EUR 5.75 billion.It invests in each member statethrough industrial contracts for space ***programs***, an amount more or less equivalent to each country's contribution.Slovak minister says his country supports CroatiaZAGREB, Feb19(Hina) - As a member of the Organisation for Economic Cooperation and Development (OECD) and the Schengen area of passport-free movement, Slovakia wants to see Croatia join the two organisations, SlovakForeign Minister Ivan Korcok said on Monday in Zagreb, where he arrived to share his country's experience in the presidency of the EU.Korcok recalled that to join the Schengen area his country had to meet 160 criteria. Slovakia has been following and helping Croatia so that it can be successful in that regard too, the Slovak foreign minister told reporters after talks with his Croatian host, Foreign and European Affairs Minister Marija Pejcinovic Buric.Korcok, who is acting foreign minister for the duration of Miroslav Lajcak's year-long term as president of the UN General Assembly, said that his country wanted Croatia to join the Schengen area for two reasons.It will facilitate travel for Slovak nationals who prefer to spend their summer holidays in Croatiaand contribute to the common future in Europe and to making the Schengen area bigger and stronger, according to Korcok.Croatia hopes tomeet the necessary conditions by the end of this year and be ready to join the Schengen area in 2019. Even though at the end of last year the European Parliament supported Croatia's accession to that area, it is not certain what position Slovenia will take on the matter because it is currently opposed tothis on account of its border arbitration dispute with Croatia.Commenting on thedispute, Korcok said that Slovenia and Croatia were two mature and responsible countries and that his country was fully confident that Croatia and Slovenia would find a solution.Pejcinovic Buric said that Korcok led the Slovak presidency of the EU in the second half of 2016 and that Croatia wanted to learn from the best ahead of its EU presidency in the first half of 2020.She said that she believed that with preparation and assistance Croatia would successfully chair the EU.Korcok said that EU presidency was demanding for two reasons - during the six-month period citizens and politicians have to get used to giving EU interests priority over national interests, and EU presidency is a major challenge in terms of organisation.Pejcinovic Buric said that aside from EU presidency she discussed with her guest other EU topics as well, stressing that the two countries had excellent political and economic relations.In JulySlovenia takes over the chairmanship of the V4 organisation, andCroatia wants to be present at its meetings focusing on energy, transport and connectivity, said Pejcinovic Buric.Plenkovic receives Slovak FM for talks on Croatia's EU presidency in 2020ZAGREB, Feb 19 (Hina) - Prime Minister Andrej Plenkovic on Monday received Slovakia's Foreign Minister, Ivan Korcok, for the talks onthe priorities of Croatia'schairmanshipof the European Union in the first half of2020 and onSlovakia's experienceswhen it chaired the Union in the second half of 2016, the government said in a press release.Korcok, who wasan official visit to Croatia, is acting foreign minister for the duration of Miroslav Lajcak's year-long term as president of the UN General Assembly.Korcok spoke of Slovakia's experiences while chairing the EU in the second half of 2016, and expressed Slovakia's readiness to continue cooperation with Croatia within the framework of preparing to chair the Union in the first half of 2020,the press release said.Plenkovic spoke about the priorities of Croatia's rotating presidency ofthe Union, stressing that the aim of his government was to make use of that period to bring the impact of European policies and the significance of EU membership closer to the public.The traditionally friendly and goodrelations between the two countries were underscored at the meeting as was the successful cooperation between Croatia and Slovakia within the EU framework.The two officials also discussedCroatia's views on institutional solutions being debated at the EU level as well as Croatia's position on the new multiannual financial framework, the press release added.Croatia advocates equalising direct payments for ***agriculture*** across EUZAGREB, Feb 19 (Hina) - Croatia advocates the stance thatsupport for farmers in EU member states should be evened out fairly, ***Agriculture*** Minister Tomislav Tolusic said on Monday in Brussels."Croatia advocates that the amount of support be even or at least as similaras possible in all member states. Today we have huge differencesfrom country to country, which doesn't contribute to the competitiveness of European ***agriculture***. It's not the same if a farmer in Croatia or some other country has 20% or 30% less support compared to farmers in other countries," said Tolusic, who is attending a council of ministers meeting in Brussels.He underscoredthat ***agriculture*** is of ***strategic*** importance for Croatia and that direct aidfrom the EUshould be given to those who are involved in farming and directly live off itand not to those for whom this is a supplementary activity.The EUcommon ***agriculture*** policy is founded on two pillars: the first is direct payments to farmers so that they can have a stable income andthe otheris about rural development aimed at keeping people in rural areas."Rural development is far more important for Croatia then the system of direct aid.Our ***agricultural*** potential is unexploited. We need to use resources that we can get from rural development ***programmes*** for new farms, new permanent crops, mechanisation, irrigation and everything that is needed to put our ***agriculture*** on par to that in Austria, Germany or The Netherlands. Therefore I would like to see that the rural development envelope remains at least in the amount that it has been for the past three years," he said.The precise amount thatthe EU will co-finance the common ***agriculture*** policy will be known when the multiannual European budget for the period following 2020 is agreed to. The European Commission wants to adopt the multiannual budget before the European Parliament election in May 2019.Bridge seeks declaration of exclusive economic zone in AdriaticZAGREB, Feb19(Hina) - The Bridge party on Monday forwarded to parliament for consideration a proposal to declare an exclusive economic zone in the Adriatic, which, it said, was not only in Croatia's interest but in the interest of the entire EU."Croatia has the right to declare an exclusive economic zone under the UN Convention on the Law of the Sea from 1982. We have consulted the examples of all other Mediterranean countries, and Great Britain and France were the last to do so," Bridge leader Bozo Petrov told a news conference.He said the benefits of declaring an exclusive economic zone would be both economic and environmental."We should be aware of what this will mean for Croatia in the future - it will protect our national interests and resources for generations to come," he said.Bridge MP and former environmental protection minister Slaven Dobrovic said that the issue primarily concerned the sovereignty of a country with access to the high sea."It is unusual for Croatia to have an inferiority complex and be unwilling to assume responsibility for what it is fully entitled tounder the Convention. The more so as we have a well-developed marine research and protection sector as well as a long fisheries tradition," said Dobrovic."The Adriatic is a shallow, landlocked sea where water exchanges occurevery 10 years and any bigger accident would cause huge damage. By assuming responsibility for traffic regulation, tanker washing practices, vessel re-ballasting, the issue of maritime accidents and collection of damages... Croatia can be more actively involved in those processes," Dobrovic said.Declaring an exclusive economic zone is important for the protection of the Adriatic and its fish stock, for dialogue and cooperation with other Adriatic countries with similar zones and for national interests, the Bridge MPs said."In 2013, the European Commission advised its members to (declare exclusive economic zones) both for the sake of economic benefits and environmental protection, while a few months ago our government negated an EC study which says that Croatia's potential benefit from declaring an exclusive economic zone would be between 120 and 130 million euros, and that the country would only have to pay 2.5 to 3 million euros for security and for patrolling a 24,000 square kilometre area," said Petrov, urging the government to declare the zone and hopeful all MPs would support his party's proposal.Operational ***programmes*** with minorities don't foresee changing their statusZAGREB, Feb 19 (Hina) - The government promotes the respect for and cooperationwith ethnicminorities for the purpose of protecting their rights andthe operational ***programmes*** for minorities that wereadopted in cooperation with their elected representatives donot foresee changing the legal status of the Serb or other minority communities, the government told Hinaconcerningthe Serb National Council's (SNV) declarationon the rights of Serbs in Croatia."Inaccordance to its ***programme***, the government is committed to respect and cooperatewith ethnicminorities for the purpose of protecting their rights. The Operational ***Programmes*** for National Minorities for the Period 2017 - 2020 that the government adopted in cooperation with the elected representatives of national minorities, do not foresee changing the legal status of bodies of the Serb/minority communities," the government's public relations office said in its response.The SNV released a declaration on the rights of Serb in Croatia, which was adopted at its third Grand Assembly last week and which sets out 13 points as new tasks in the fight for the rights not exercised to date and the preservation of those achieved.SNV declaration calls forstatus of minority self-government bodies forinstitutions of the Serb communityThe declaration reads thatover the past five years the status of the Serb community in Croatia has not improved but has actually deteriorated in many ways. The rights that have been restored are frequently challenged anew, and there also have been attempts to undermine the status of the Serb community ensured by international agreements such as the Erdut Agreement and the Letter of Intent, as well as the Constitution, the Constitutional Law on Ethnic Minorities' Rights and other special laws, reads the declaration."That is why in the coming period we will continue to fight for rights that are yet to be acquired and work to preserve those that have been acquired. In these efforts we should be joined by all democratic organisations because they constitute a fight for a democratic Croatia," reads the document published on the SNV's website.The SNV expects the government and state institutions to actively and closely cooperate with it in efforts to accomplish the goals stated in the declaration.Activities of the SNV and other Serb organisations, notably the Joint Council of Municipalities (ZVO) and the Independent Democratic Serb Party (SDSS), will focus on the fight for tolerance and non-discrimination."The institutions of the Serb community, notably the SNV and the ZVO, must be given the status of minority self-government bodies, in line with their founding documents..., the Erdut Agreement and the Letter of Intent. Also, the process of restitution of property belonging to the Serb Orthodox Church and the Serb business association 'Privrednik' must be completed as soon as possible," the SNV says.The SNV, among other things, underscores that Serbs are underrepresentedin state and public services and urges the government and institutions to put an end to that trend.Interior Minister saysthere is procedure for tackling demands of this kindAsked by reporters about his position on the SNV demand for more rightsfor the Serb minority and for a kind of autonomy, Interior Minister Davor Bozinovic said on Monday in Sisak thatdecisions in that regardshould be tackled through the defined procedure: discussed by the government first and then tabled to the legislature."In the democratic Croatia, everyone can make demands and express their expectations," he said and added: "I suppose that this will also be made possible for the Croats in Serbia.""However, heredecision making is defined by the Croatian Constitution and the Croatian laws," Bozinovic said.He noted that this demandhad not been presented during the defining of the ***programme*** of cooperation with ethnic minorities' representatives.Minority leader says ethnic Serbs' status in Croatia has deterioratedZAGREB, Feb 19 (Hina) - Croatian Serb leader Milorad Pupovac has said that the status of ethnic Serbs in Croatia has deteriorated over the recent years, and that the most drastic deterioration happened when Tomislav Karamarko was at the helm of the Croatian Democratic Union (HDZ), transforming that mainstream party into a party promoting extreme right policies.Addressing a panel discussion which the local Serb association "Prosvjeta" organised in the Bosnian capital of Sarajevo on Monday, Pupovac commented on the status of the Serb minority in Croatia and underscored that for that community it was essential to preserve the acquired rights and not allow that those rights be scaled down.Pupovac said that "turbulence that affected Croatia from 2013 to 2017 is still present in a latent form." He connected that "state of commotion" with the international tribunal's (ICTY) decision to acquit two Croatian generals -- Ante Gotovina and Mladen Markac -- in 2012, which according to him unleashed hate speech, intolerance and anti-Serb sentiment in Croatia.Pupovac is confident that Serbs in Croatia will have the future they build for themselves.The struggle for that future is rather demanding, he said admitting the assimilation of Serbs in the urban communities was a problem.Pupovac's speech ensued after the Serb National Council (SNV), an umbrella association of the ethnic Serbs in Croatia, released a declaration on the rights of Serbs in Croatia.President's Office: Everyone can make demands, govt and parliament decide on lawsZAGREB, Feb 19 (Hina) - The Serb National Council (SNV), just like anyone else in Croatia as a democratic country, hasthe right to make demands for exercising the rights which they consider important but at the same time, everyone has the right to be supportive or not of those demands andif demands require amendments or the adoption of new laws then that is in the remit of the government and parliament to tackle, the President's Office responded to an inquiry fromHina concerningstatements by the SNV about the rights of ethnic Serbs in Croatia."In the Republic of Croatia, as a democratic country, everyone has the right to make demands for rights they consider to be important to be exercised, including the Serb National Council. Likewise, everyone has the right to be supportive or not of such demands."If those demands presume the amending of the existing laws or the adoption of new ones, then that is in the remit of the government and the parliament, the President's Office said.Petrov sees SNVdemands off the pointZAGREB, Feb 19 (Hina) - The Bridge party leader, Bozo Petrov, said on Monday that it was pointless to discuss the Serb National Council's (SNV) demand for a status of minority self-government which would be on the track to an autonomous status which no other minority had."In my opinion, this model of forming an autonomy is undesirable and I thought we passed that phaselong ago. There are laws that regulate the system in Croatia and all should honour it in the same way and be equal before the law," Petrov said at a news conference in the Parliament building.Such a demand was also made in 2010 when the government depended on the support of lawmakers representing the Serb minority,Petrov said."There are normal people in the Opposition, and for that demand to be adopted, two-thirds of all lawmakers should suppor amending the Constitution, which will not happen," Petrov said.Senior SDP official comments on demandsCommenting on the SNVdemand for minority self-government status, senior Social Democratic Party (SDP) official Arsen Bauk said on Monday that the existing legal framework was good."The existing legal frame which regulates the rights of national minorities is good and needs to be implemented. We can discuss possible amendments only after we see this proposal," Bauk told Hina in a comment."We opposed a similar initiative in 2010, but now we will wait to see what this proposal is precisely about. But we want no part in haggling between the ruling coalition partners, the HDZ (Croatian Democratic Union) and SDSS (Independent Democratic Serb Party)," he added.Bauk recalled his statement from 2013, when he served as Minister of Public Administration in the SDP-led government of Prime Minister Zoran Milanovic, which said that the Erdut Agreement, invoked by the SNV, was repealed."The Constitutional Court clearly says that the entry into force of the Constitutional Law governing the rights of national minorities makes other documents redundant. Our goal should be not to make distinction between the minorities in eastern Croatia and those in other areas. The integration of the Croatian Danube region was completed long ago and the Erdut Agreement no longer has any purpose and justification. Today, it should be a historical document and as such the subject of study by historians," Bauk repeated his statement from 2013.President issues message on third anniversary of her termZAGREB, Feb 20 (Hina) - On the occasion of the third anniversary of her term in office, Croatian President Kolinda Grabar-Kitarovic said on Monday that until the end of her term she would be doing her best, in cooperation with the government, to stop the emigration of young people and reverse negative demographic trends as well as enable people with blocked bank accounts to make a new start."Three years ago my term as President of the Republic of Croatia started. I have been performing that honourable duty in the interest of all Croatian citizens, both those living in Croatia and those who live abroad. Until the end of my term, I will be doing my best, in cooperation with the Government, to stop the emigration of young people and reverse negative demographic trends, help citizens with blocked bank accounts make a new start, and transform divisions from the past into unity for a better future," the president said in her message posted on her official Facebook profile.Croatian Mine Action Centre (HCR) marks its 20th anniversaryZAGREB, Feb 19 (Hina) - Dealing with the issue ofmine suspected areas has been ongoing since the 1991-1995 Homeland War and in the past 20 years mine clearance has been systematically organised by the Croatian Mine Action Centre (HCR) and in that period an innovative system has been developed which is used today in many other countries and Croatia has become a leader in humanitarian mine clearance, HCR reported on Monday.Interior Minister Davor Bozinovic, who attendedthe ceremony marking the 20th anniversary of the establishment of HCR in Sisak, saidthat the government would provide full support in the fight against mines, considering that there were still 405.9 square kilometres of mine suspected areas, most of which is mountainousregions.After systematically collecting data based on available maps and information, in 2005 we identified 1,174 square kilometres of mine suspected areas. To date, 566 square kilometres of that has been cleared of mines with investments amounting to 727 million euro. As much as 97 million euro was secured from EU funds. Last year the EU provided 62% of the funds for mine clearance and this year it is ***planned*** that that will be 52%.One of the HCR's greatest successes is that last year, for the first time since it has been in operation, there was not one accident during mine clearance. Unfortunately, since 1996, there have been 595 casualties from leftover mines, and 203 of them were fatalities. In that period 38 mine clearing specialistslost their lives.Ex-Yugoslav tank commander sentenced to 20 yearsZAGREB, Feb 19 (Hina) - Sisak County Court on Monday sentenced a Serb citizen in absentia to 20 years imprisonment for the murder of three and attempted murder of four Croatian police officers while commanding a Yugoslav People's Army (JNA) tank.The state prosecutor's office on Monday reported that Zoran Tomic hadbeen foundguilty of each count of his indictment and sentencedto 20 years imprisonment.Tomic was charged that on 26 July 1991 as the commander of a JNA tank which was heading from Hrvatska Kostajnica toward Kozibrod in an effort to set up a 'buffer zone' between Croatian police forces and Serb paramilitary forces, stopped the tank and targeted a Croatian police vehicle killing three Croatian police officers, one was wounded while three were unharmed.Minister urges activation of disused state property to boost growth, employmentZAGREB, Feb 19 (Hina) - State Assets Minister Goran Maric said on Monday that disused state-owned propertyshould be activated as soon as possible to boost growth and employment.Speaking at a press conference, Maric said that the ***planned*** activation of state assets this year represented the investment potential of more than 2 billion kuna.He said he was pleased that the tenders for the hotel companies Hoteli Makarska, Jadran Crikvenica and Club Adriatic were successfully completed after new owners offered more money for the stakes in these companies than the asking price and offered large amounts of investment.The Valamar Riviera hotel company and the AZ pension fund were selected in the bid for the 55.5% government stake in Hoteli Makarska. The pension funds Erste Plavi and PBZ Croatia Osiguranje purchased the 70.7% stake in Jadran Crikvenica and agreed to recapitalise this hotel company. The Swiss companyImmo Invest Partner AG bought the wholly state-owned tourism company Club Adriatic."We are about to sign agreements with them and we believe that these are good deals and good investments for the communities where these hotels are located," Maric said.He said that the asking price for the three companies was 390 million kuna in total and 420 million was received, adding that about a billion kuna worth of investment was ***planned***.Maric said that the sole bid for Hoteli Maestral was rejected because the government believed that for the 69% stake it could get more than the initial asking price of 114.2 million kuna that was offered. That's why a new call for bids will follow.State assets minister believes Petrokemija recapitalisation will succeedZAGREB, Feb 19 (Hina) - The process of recapitalisation of fertiliser maker Petrokemija is not finished, but it was not terminated nor did it fail, State Assets Minister Goran Maric said on Monday, expressing confidence that the process would succeed and the recapitalisation model would be known in the coming weeks.Addressing a press conference, Maric said he did not know whether there would be a strike at Petrokemija, adding that the government would closely follow developments in the company."The government will do all it can to keep production in Petrokemija. When such a large and valuable business entity is at issue, a solution should always be sought," he said.He did not say whether the government would write off the company's debt, which is allegedly investors' condition for recapitalisation, but reiterated that a solution should be found and that he thought the government would find it."If the recapitalisation process is designed as a short-term solution, then it's not worth it. This process must solve the problem of Petrokemija in the long term and establish such a business system that will be stable for the workers, for the production, for the suppliers and creditors, for all, and I think that is feasible," Maric said.The Kutina-based company found itself in trouble in mid-January after INA suspended its natural gas supplies because it could not collect payments for the previous deliveries. Although INA later resumed gas deliveries, recapitalisation remains crucial for the normal functioning of Petrokemija.Petrokemija's shareholders decided at an emergency meeting last month to launch the recapitalisation process in a bid to raise 450 million kuna. This would be done by issuing 45 million ordinary shares at a nominal value of 10 kuna.Petrokemija has said earlier it received binding offers from several bidders. According to media reports, among them are Austria's Borealis and the Croatian companies PPD and INA.Disappointed by the slow process of recapitalisation, two trade unions and the association of war veterans working at Petrokemija sent an open letter to Prime Minister Andrej Plenkovic on February 14 giving him seven days to make a ***strategic*** decision on the continuation of recapitalisation or he would lose their support.INA Group's revenue up 20%, net profit jumps to HRK 1.2 billionZAGREB, Feb 20 (Hina) - In 2017 the INA Group made HRK 18.5 billion in revenue, 20% more than in the previous year, and its net profit grew strongly as well, owing to an increase in oil prices on the global market and business optimisation, the company said in a business report.The report, published on the Zagreb Stock Exchange website on Monday evening, shows that in 2017 the group's EBITDA (earnings before interest, taxes, depreciation and amortization) totalled HRK 3.2 billion, 52% more than in 2016.Such strong operating results pushed net profits up to HRK 1.22 billion as against a mere 101 million in 2016, the group said.The group's exploration and production segment benefited from a positive external environment with oil prices on the global market being 24% higher on average.Combined with higher gas prices and a mild increase in domestic production on land, this resulted in operating profits going up 42% to HRK 1.6 billion, says the report.The total production of hydrocarbons in 2017 dropped 5%.Compared to 2016, domestic crude oil and gas production on land rose by 2% and 3% respectively.Aldott: Best results in company's more recent historyIn the refining and marketing segment, including retail sales, better financial results were recorded as well, owing to a positive effect of the external environment with higher margins and a higher total sales volume.In that segment, CCS (current cost of supplies) EBITDA, without one-off items, amounted to HRK 806 million, as against HRK 350 million in 2016.EBITDA in 2017 totalled HRK 987 million while operating profits reached HRK 263 million.Revenue totalled 16.1 billion kuna, 24% more than in 2016, owing to focus being on sales activities.The group's report also notes that retail sales grew thanks to the expansion of the group's sales network in Bosnia and Herzegovina, a mild economic recovery with positive developments in the sale of premium quality oils and consumer goods.Despite the positive developments in the refining and marketing segment, including retail sales, the group's results are still burdened by the negative impact of the Sisak Oil Refinery's results. In 2017 the refinery had a negative financial effect on profit from the core business, amounting to HRK 207 million, and HRK 264 million in 2016, the company said.CEO Zoltan Aldott said in a statement that the INA Group last year recorded results that were among the best in its more recent history, showing that it was capable of using the benefits of a positive external environment with higher prices.He said that the group was successful in both of its targeted business areas - growth and operating excellence and top efficiency.Aldott underlined that derivatives wholesale had increased by 12%, retail sales by 4% and the sale of natural gas 8%.Capital investment outlays remain at a high level of HRK 1.4 billion, in line with 2016, with investments having been increased in Croatia, said Aldott.The company's net debt was reduced to HRK 1.39 billion and the debt-to-capital ratio dropped to 10.8%.Losinj dock and Norwegian Optimarin ink cooperation dealZAGREB, Feb19(Hina) -The shipyard on the Croatian island of Losinj and the Norwegian company Optimarin, specialised indevelopingsystems for environmentally friendly purification of ballast water, on Monday signed an agreement whereby the dock on Losinj has become Optimarin's base for the part of the Adriatic region.The contract was signed at a ceremony in the seaport of Rijeka by the executives of the two companies, , Anton Saganic who is the managing director of the "Losinjak Plovidba - Brodogradiliste" company and Tore Andersen, who represented the Norwegian company.The dock in Losinj will install Otimarin ballast water treatment (BWT) systems into vessels that are being overhauled in the Croatian shipyardthat employs 100 workers and hires up to 50 sub-contractors.Optimarin is focused on "continuous improvement and supplying environmentally friendly BWT solutions for the shipping industry," the Norwegian comapny writes on its web site. "Optimarin has sold more than 500 of its market proven Optimarin Ballast System (OBS) and delivered more than 400," it says.Valamar Riviera to increase employee salariesZAGREB, Feb19(Hina) - The Valamar Riviera hotel company has decided to increase its wage budget by 11.5% in 2018 with focus on a rise in salaries ofbasic occupations in the company and the increase has been agreed to with two trade unions in the company, the Porec-based company stated in a press release on Monday.Following agreement with social partners, the basewage rate will rise by 4%, whereas 7.5% of the total wage budget will be additionally invested in raising salaries for occupations such as chefs, cooks, waiting staff, room maids and cleaners, Valamar Riviera stated.The wage increase refers to salaries of 4,000 employees, and the company is committed to ensuring that thelowest wages be between HRK 5,000 and 7,500 per month.Thus, over 20 million kuna is being invested to increase salaries of all those on the company's payroll.Apart from higher salaries, Valamar Riviera also provides seasonal workers with appropriate accommodation and three meals per day.The number of workers hired by Valamar Riviera is likely to reach 6,600 during the peakseason along the coast.2018 - year of creating efficient waste management infrastructure, says ministerZAGREB, Feb 19 (Hina) - Environment Protection MinisterTomislav Coric said on Monday that2018 would be a year of creating infrastructure for efficient waste management and that this was his ministry's priority."Thereis no alternative toconstructing waste management centres, regardless of the objectives that we have in the context of waste management, Coric said during his visit to Dubrovnik where he met with Dubrovnik-Neretva County Prefect Nikola Dobroslavic and local mayors."We would like to inform local officials of our ***plans*** and tenders which will soon be advertised with the aim of establishing an infrastructure of waste sorting at thehousehold level, building recycling yards, organising information and education activities, building sorting stations, which will be put up for tender in May. A large portion of that will be co-financed with EU funds, generally 85%. We want to help local government obtain everything that is necessary so that the country can achieve the aim of separating 50% of its waste by 2023," Coric said.He said that a feasibility study was underway for a local waste management centre, which should be completed in the next month or so.Prefect Dobroslavic underscored that as far as waste sorting was concerned, the county was somewhere on par to the national average. "The construction of a waste management centre is the only solution for the county. It is progressing well. The deadline to achieve that is 2023 and our estimate is that it could be completed by 2021," he said.The meeting also discussed Bosnia and Herzegovina'sUpper Horizons hydroelectric power plants megaproject in the Neretva River Basin as a permanent problem for the county as well as offshore exploration of hydrocarbons in the sea off Montenegro and of the problem of waste from Montenegro and Albania being brought into Croatia with the tide."We want to avoid the scenes we witnessed in Dubrovnik (with waste coming in with the tide). That is why we have contacted our colleagues in Montenegro and Albania. We are faced with this problem together, part of which is generated because until now we haven't acted together. A meeting in Dubrovnik on Tuesday will help us to come to a conclusion and direction for joint action. We have some ideas and our neighbours can expect our help," Minister Coric said.IDS to continue advocating decentralisationZAGREB, Feb 19 (Hina) - Boris Miletic, who was re-elected leader of the Istrian Democratic Party (IDS) overthe weekend, held a press conference in Pula on Monday to present the main guidelines of his ***programme*** for the next four-year term in office.He emphasised further work on the development of Istria, including aid to the Uljanik shipyard, intensified efforts at decentralising Croatia and persistence in the struggle against conservative and retrograde forces that extol nationalism and chauvinism and openly oppose the adoption of the Istanbul convention.The continuity of governance, growth and development of Istria should be one of our primary goals because our progress is a good signpost for the rest of the country, Miletic said."The present model which is in force in Croatia, and that isrigid centralism, has ***produced*** no results," he said. "That's why in the time ahead the IDS will be even more determined and specific in launching legislative initiatives in the Croatian parliament so that Croatia takes the positive road of growth and development, which is possible only if the state is decentralised," he added.Miletic said that at the previous parliamentary elections his party had managed to push through the idea of decentralisation as a national topic. "However, today we can see that all political parties use the term decentralisation in their election campaigns, but after the elections only the IDS continues to advocate the idea of decentralisation," he noted.The IDS leader emphasised the importance of education for developing a competitive economy and halting the emigration of young people.Speaking of the IDS's economic platform, Miletic said that although Istria was experiencing growth in the tourism sector, more attention should be paid to small and medium businesses while at the same time not ignoring large systems.Speaking of the situation at the Uljanik shipyard, Miletic stressed the need to preserve the shipbuilding industry and as many jobs as possible, pledging local government support in this regard.Kovac: Border with Bosnia defined, no need to reopen this issueZAGREB, Feb 19 (Hina) - Opening the question of the border between Croatia and Bosnia and Herzegovina would be like opening Pandora's Box and Bosnia and Herzegovina would fare far worse than Croatia,the Chairman of the Croatian Parliamentary Foreign Affairs Committee, Miro Kovac, said in Sarajevo on Monday.Former Croatian foreign minister, Kovac was heading a Croatian delegation on a two-day working visit to Bosnia and Herzegovina, which includes another former FM, Davor Ivo Stier and Arsen Bauk.On the first day of the visit, they met with members of the Commission for Foreign Affairs of the House of Representatives as well as the speakers and deputy speakers of both that house and the upperHouseof Peoples.After the meeting, Kovac told reporters that several outstanding issues in bilateral relations were discussed and in particular made reference to the issue of the border, stressing that it was one of those matters that proved that reopening some issues was a waste of time."There is an agreement on the state border that was signed in the late 1990s by the then Presidents Franjo Tudjman and Alija Izetbegovic. Ithas been applied since then and is functioning," Kovac said and added thatonce the border was defined it made no sense to reopen that issue.He underscored thatthe maritime border agreement clearly defines the rights of Bosnia and Herzegovina and that the possible construction of a port in Neum would in no way be jeopardised as ships would be able to dock there without hindrance."I am convinced that(the reopening of the border issue) would be more damaging to Bosnia and Herzegovina thanto Croatia," Kovac said and added that as far as Croatia is concerned, Bosnia and Herzegovina is a friendly country and it will receive all the necessary assistance in theEuro-Atlantic integration processes, which is a guarantee of its lasting stability.Kovac added that it was important for Croatia that Bosnia and Herzegovina was a functioning law-governed stateand that therefore he expected representatives of the peoples and citizens to reach an agreement on amending the electoral law which will ensure equality of all peoples in the country and enable them to form a lawfully elected government after the October election.Commenting on claims about deteriorating relations between the two countries, Kovac said that they were unfounded. "I reject any theories of deteriorating relations. That simply isn't so," he said, adding that the claims of "spreading negative energy" in relations between the two neighbouring countries were "ridiculous."The deputy chair of the foreign affairs commission in the Bosnian House of Representatives, Nermina Kapetanovic, said that her country believed that the border issue should be resolved by the two governments.She added that it was very important for Bosnia and Herzegovina for this issue to be resolved as soon as possible because the new EU strategy for the Western Balkans foresees that none of the countries in the region will be able to join the EU until it resolves bilateral issues with its neighbours, including border demarcation.Kapetanovic said that despite the existence of outstanding issues, the parliaments of both countries are prepared to cooperate and resolve problems to their mutual benefit.Greek, Italian fighter jets to protect Montenegrin airspace as of summerZAGREB, Feb 20 (Hina) - Montenegrin Defence Minister Predrag Boskovic confirmed to a local daily on Monday that Italian and Greek fighter jets would be protecting Montenegro's air space as of this summer, as part of NATO's Air Policing mission.A NATO official has said that Greek and Italian fighter jets also protect Albania's airspace as part of the same ***programme***.Boskovic said that before Montenegro was included in the mission, an agreement would have to be signed with the Serbia and Montenegro Air Traffic Services Agency (SMATSA).Air Policing is a peacetime collective defence mission, safeguarding the integrity of NATO members' airspace. It involves the 24-hour presence, 365 days a year of interceptor aircraft capable of a quick reaction in cases of airspace violation.The Supreme Allied Commander Europe (SACEUR) is in charge of implementing the Air Policing mission.The NATO official said that Montenegro was not the only country using these services.NATO has been guarding the Baltic sky since 2004, when Estonia, Lithuania and Latvia joined it. Slovenia's airspace is covered by Hungary and Italy, and Albania is covered by Greece and Italy, the NATO official said.In other news:Croatian parliament in recess until Feb 28ZAGREB, Feb19 (Hina) - The Croatianparliament is in recess this week, as decided by the parliament presidency last month.Lawmakers will be back to work on February 28 after which parliament will be in plenary session until March 23.MPs will use the break to work in their constituencies, meet with citizens and for international activities, parliament said on Monday.Union warns of poor rail traffic safetyZAGREB, Feb19(Hina) - Representatives of the national union of train dispatchers told a news conference in Koprivnica on Monday that the railway maintenance company HZ Infrastruktura was jeopardising rail traffic safety."It is not a question whether an accident like the one that happened in Duga Resa on Sunday will happen again, the question is when it will happen," said deputy union leader Mario Grbesic.Grbesic said that HZ Infrastruktura jeopardised rail traffic safety by not removing railroad failures in time.He said that the union was holding the news conference outside the Koprivnica train station to point to the fact that "on the 13-kilometre-long railway section Koprivnica-Gyekenyes there are as many as three level crossings that have been out of service, namely unsecured, for 14 months.""Safety on those crossings depends entirely on rail workers who work there," he said.Union representatives also complained about labour shortages and ***plans*** for new lay-offs.Commenting on the railway accident that happened in Duga Resa, when a cargo train hit a car on a level crossing killing two people on board, Transport Minister Oleg Butkovic said on Sunday that his ministry had drawn up a national ***programme*** for levelcrossings, to serve as the basis for defining what the country's 1,500 level crossings should look like and what kind of equipment they should have.Butkovic said that Croatia would seek funding for the project from the World Bank and the EU.ZSE indices end in different directionsZAGREB, Feb 19 (Hina) -A meagre turnover of HRK 3.36 million kunamarked thetrading on the Zagreb Stock Exchange on Monday, and two majorindices ended the day in the different directions.The Crobex closed the day in the red falling by 0.08% to 1,854.10 points, while the specialised Crobex10 ended in the green rising by0.04% to 1,073.50 points.The turnover of HRK 3.36 millionwas HRK 5.7 million less than on Friday, and not one stock crossed the million kuna mark.(EUR 1 = HRK7.433821)THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS TUESDAY. (Hina) ms Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, Feb19(Hina) - As a member of the Organisation for Economic Cooperation and Development (OECD) and the Schengen area of passport-free movement, Slovakia wants to see Croatia join the two organisations, SlovakForeign Minister Ivan Korcok said on Monday in Zagreb, where he arrived to share his country's experience in the presidency of the EU.

ZAGREB, Feb 19 (Hina) - Prime Minister Andrej Plenkovic on Monday received Slovakia's Foreign Minister, Ivan Korcok, for the talks onthe priorities of Croatia'schairmanshipof the European Union in the first half of2020 and onSlovakia's experienceswhen it chaired the Union in the second half of 2016, the government said in a press release.

ZAGREB, Feb 19 (Hina) - Croatia advocates the stance thatsupport for farmers in EU member states should be evened out fairly, ***Agriculture*** Minister Tomislav Tolusic said on Monday in Brussels.

ZAGREB, Feb19(Hina) - The Bridge party on Monday forwarded to parliament for consideration a proposal to declare an exclusive economic zone in the Adriatic, which, it said, was not only in Croatia's interest but in the interest of the entire EU.

ZAGREB, Feb 19 (Hina) - The government promotes the respect for and cooperationwith ethnicminorities for the purpose of protecting their rights andthe operational ***programmes*** for minorities that wereadopted in cooperation with their elected representatives donot foresee changing the legal status of the Serb or other minority communities, the government told Hinaconcerningthe Serb National Council's (SNV) declarationon the rights of Serbs in Croatia.

SNV declaration calls forstatus of minority self-government bodies forinstitutions of the Serb community

The declaration reads thatover the past five years the status of the Serb community in Croatia has not improved but has actually deteriorated in many ways. The rights that have been restored are frequently challenged anew, and there also have been attempts to undermine the status of the Serb community ensured by international agreements such as the Erdut Agreement and the Letter of Intent, as well as the Constitution, the Constitutional Law on Ethnic Minorities' Rights and other special laws, reads the declaration.

"That is why in the coming period we will continue to fight for rights that are yet to be acquired and work to preserve those that have been acquired. In these efforts we should be joined by all democratic organisations because they constitute a fight for a democratic Croatia," reads the document published on the SNV's website.

The SNV expects the government and state institutions to actively and closely cooperate with it in efforts to accomplish the goals stated in the declaration.

Activities of the SNV and other Serb organisations, notably the Joint Council of Municipalities (ZVO) and the Independent Democratic Serb Party (SDSS), will focus on the fight for tolerance and non-discrimination.

"The institutions of the Serb community, notably the SNV and the ZVO, must be given the status of minority self-government bodies, in line with their founding documents..., the Erdut Agreement and the Letter of Intent. Also, the process of restitution of property belonging to the Serb Orthodox Church and the Serb business association 'Privrednik' must be completed as soon as possible," the SNV says.

The SNV, among other things, underscores that Serbs are underrepresentedin state and public services and urges the government and institutions to put an end to that trend.

ZAGREB, Feb 19 (Hina) - Croatian Serb leader Milorad Pupovac has said that the status of ethnic Serbs in Croatia has deteriorated over the recent years, and that the most drastic deterioration happened when Tomislav Karamarko was at the helm of the Croatian Democratic Union (HDZ), transforming that mainstream party into a party promoting extreme right policies.

Addressing a panel discussion which the local Serb association "Prosvjeta" organised in the Bosnian capital of Sarajevo on Monday, Pupovac commented on the status of the Serb minority in Croatia and underscored that for that community it was essential to preserve the acquired rights and not allow that those rights be scaled down.

Pupovac said that "turbulence that affected Croatia from 2013 to 2017 is still present in a latent form." He connected that "state of commotion" with the international tribunal's (ICTY) decision to acquit two Croatian generals -- Ante Gotovina and Mladen Markac -- in 2012, which according to him unleashed hate speech, intolerance and anti-Serb sentiment in Croatia.

Pupovac is confident that Serbs in Croatia will have the future they build for themselves.

The struggle for that future is rather demanding, he said admitting the assimilation of Serbs in the urban communities was a problem.

Pupovac's speech ensued after the Serb National Council (SNV), an umbrella association of the ethnic Serbs in Croatia, released a declaration on the rights of Serbs in Croatia.

ZAGREB, Feb 19 (Hina) - The Serb National Council (SNV), just like anyone else in Croatia as a democratic country, hasthe right to make demands for exercising the rights which they consider important but at the same time, everyone has the right to be supportive or not of those demands andif demands require amendments or the adoption of new laws then that is in the remit of the government and parliament to tackle, the President's Office responded to an inquiry fromHina concerningstatements by the SNV about the rights of ethnic Serbs in Croatia.

ZAGREB, Feb 19 (Hina) - The Bridge party leader, Bozo Petrov, said on Monday that it was pointless to discuss the Serb National Council's (SNV) demand for a status of minority self-government which would be on the track to an autonomous status which no other minority had.

Commenting on the SNVdemand for minority self-government status, senior Social Democratic Party (SDP) official Arsen Bauk said on Monday that the existing legal framework was good.

ZAGREB, Feb 20 (Hina) - On the occasion of the third anniversary of her term in office, Croatian President Kolinda Grabar-Kitarovic said on Monday that until the end of her term she would be doing her best, in cooperation with the government, to stop the emigration of young people and reverse negative demographic trends as well as enable people with blocked bank accounts to make a new start.

"Three years ago my term as President of the Republic of Croatia started. I have been performing that honourable duty in the interest of all Croatian citizens, both those living in Croatia and those who live abroad. Until the end of my term, I will be doing my best, in cooperation with the Government, to stop the emigration of young people and reverse negative demographic trends, help citizens with blocked bank accounts make a new start, and transform divisions from the past into unity for a better future," the president said in her message posted on her official Facebook profile.

ZAGREB, Feb 19 (Hina) - Dealing with the issue ofmine suspected areas has been ongoing since the 1991-1995 Homeland War and in the past 20 years mine clearance has been systematically organised by the Croatian Mine Action Centre (HCR) and in that period an innovative system has been developed which is used today in many other countries and Croatia has become a leader in humanitarian mine clearance, HCR reported on Monday.

ZAGREB, Feb 19 (Hina) - Sisak County Court on Monday sentenced a Serb citizen in absentia to 20 years imprisonment for the murder of three and attempted murder of four Croatian police officers while commanding a Yugoslav People's Army (JNA) tank.

ZAGREB, Feb 19 (Hina) - State Assets Minister Goran Maric said on Monday that disused state-owned propertyshould be activated as soon as possible to boost growth and employment.

ZAGREB, Feb 19 (Hina) - The process of recapitalisation of fertiliser maker Petrokemija is not finished, but it was not terminated nor did it fail, State Assets Minister Goran Maric said on Monday, expressing confidence that the process would succeed and the recapitalisation model would be known in the coming weeks.

ZAGREB, Feb 20 (Hina) - In 2017 the INA Group made HRK 18.5 billion in revenue, 20% more than in the previous year, and its net profit grew strongly as well, owing to an increase in oil prices on the global market and business optimisation, the company said in a business report.

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Compared to 2016, domestic crude oil and gas production on land rose by 2% and 3% respectively.

Aldott: Best results in company's more recent history

In the refining and marketing segment, including retail sales, better financial results were recorded as well, owing to a positive effect of the external environment with higher margins and a higher total sales volume.

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EBITDA in 2017 totalled HRK 987 million while operating profits reached HRK 263 million.

Revenue totalled 16.1 billion kuna, 24% more than in 2016, owing to focus being on sales activities.

The group's report also notes that retail sales grew thanks to the expansion of the group's sales network in Bosnia and Herzegovina, a mild economic recovery with positive developments in the sale of premium quality oils and consumer goods.

Despite the positive developments in the refining and marketing segment, including retail sales, the group's results are still burdened by the negative impact of the Sisak Oil Refinery's results. In 2017 the refinery had a negative financial effect on profit from the core business, amounting to HRK 207 million, and HRK 264 million in 2016, the company said.

CEO Zoltan Aldott said in a statement that the INA Group last year recorded results that were among the best in its more recent history, showing that it was capable of using the benefits of a positive external environment with higher prices.

He said that the group was successful in both of its targeted business areas - growth and operating excellence and top efficiency.

Aldott underlined that derivatives wholesale had increased by 12%, retail sales by 4% and the sale of natural gas 8%.

Capital investment outlays remain at a high level of HRK 1.4 billion, in line with 2016, with investments having been increased in Croatia, said Aldott.

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ZAGREB, Feb 19 (Hina) - Environment Protection MinisterTomislav Coric said on Monday that2018 would be a year of creating infrastructure for efficient waste management and that this was his ministry's priority.

ZAGREB, Feb 19 (Hina) - Boris Miletic, who was re-elected leader of the Istrian Democratic Party (IDS) overthe weekend, held a press conference in Pula on Monday to present the main guidelines of his ***programme*** for the next four-year term in office.

ZAGREB, Feb 19 (Hina) - Opening the question of the border between Croatia and Bosnia and Herzegovina would be like opening Pandora's Box and Bosnia and Herzegovina would fare far worse than Croatia,the Chairman of the Croatian Parliamentary Foreign Affairs Committee, Miro Kovac, said in Sarajevo on Monday.

ZAGREB, Feb 20 (Hina) - Montenegrin Defence Minister Predrag Boskovic confirmed to a local daily on Monday that Italian and Greek fighter jets would be protecting Montenegro's air space as of this summer, as part of NATO's Air Policing mission.

A NATO official has said that Greek and Italian fighter jets also protect Albania's airspace as part of the same ***programme***.

Boskovic said that before Montenegro was included in the mission, an agreement would have to be signed with the Serbia and Montenegro Air Traffic Services Agency (SMATSA).

Air Policing is a peacetime collective defence mission, safeguarding the integrity of NATO members' airspace. It involves the 24-hour presence, 365 days a year of interceptor aircraft capable of a quick reaction in cases of airspace violation.

The Supreme Allied Commander Europe (SACEUR) is in charge of implementing the Air Policing mission.

The NATO official said that Montenegro was not the only country using these services.

NATO has been guarding the Baltic sky since 2004, when Estonia, Lithuania and Latvia joined it. Slovenia's airspace is covered by Hungary and Italy, and Albania is covered by Greece and Italy, the NATO official said.

ZAGREB, Feb19 (Hina) - The Croatianparliament is in recess this week, as decided by the parliament presidency last month.

ZAGREB, Feb19(Hina) - Representatives of the national union of train dispatchers told a news conference in Koprivnica on Monday that the railway maintenance company HZ Infrastruktura was jeopardising rail traffic safety.

ZAGREB, Feb 19 (Hina) -A meagre turnover of HRK 3.36 million kunamarked thetrading on the Zagreb Stock Exchange on Monday, and two majorindices ended the day in the different directions.

THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS TUESDAY.

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**End of Document**



[***Council of the European Union: Thirteenth meeting of the Conference of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (Geneva, 24 April–5 May 2017) Eighth meeting of the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Geneva, 24 April–5 May 2017) Eighth meeting ST 9015 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P2N-7J01-JDG9-Y1PH-00000-00&context=1516831)

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Brussels: Council of the European Union has issued the following document:

9015/17 KS/dk 1 DG E 1A EN Council of the European Union Brussels, 2 June 2017 (OR. en) 9015/17 ENV 431 ENT 119 ONU 68 MI 393 WTO 110 CHIMIE 46 INFORMATION NOTE From: General Secretariat of the Council To: Delegations Subject: Thirteenth meeting of the Conference of the Parties to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (Geneva, 24 April–5 May 2017) Eighth meeting of the Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Geneva, 24 April–5 May 2017) Eighth meeting of the Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants (Geneva, 24 April–5 May 2017) - Compilation of statements Delegations will find in the Annex, for information purposes, a compilation of agreed statements as delivered at the abovementioned meetings (including at the joint session). Unless indicated otherwise, statements were delivered on behalf of the European Union and its Member States. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 2 ANNEX DG E 1A EN ANNEX STATEMENTS DELIVERED AT THE JOINT SESSION OPENING STATEMENT Presidents of the Conferences of the Parties of the Basel, Rotterdam and Stockholm Convention, Executive Secretaries, Excellencies, Party delegates, colleagues from the Secretariat, interpreters, observers, ladies and gentlemen.

The EU and its Member States would like to thank the Presidents, the Secretariat and the members of the Bureaux for the good work done in preparing these meetings. The collective success of these three Conferences of the Parties is important for a number of reasons. Firstly, for ensuring that the three Conventions provide their substantive contribution to the sound management of chemicals and waste and thereby making progress towards the 2020 goal for the sound management of chemicals and wastes and many other Sustainable Development Goals of the 2030 Agenda. Secondly, for getting the work under the three Conventions done more effectively. This is the third time that the ordinary Conferences of the Parties of these three Conventions are held in a synergistic setting. The development of this cooperation and coordination among the Conventions and, more widely, with relevant international instruments and organizations is a success. We have broken down silos, learning and discussing across Conventions, becoming more efficient and better informed. This is vital for an efficient and effective global implementation of the sound management of chemicals and waste. Unfortunately this success of coordinated and, in some cases, joint action leading to efficiencies between the Conventions is not mirrored by an equal increase in efficiencies within the Stockholm and Rotterdam Conventions. On the contrary! We are not listing substances which meet all relevant criteria and we are not establishing effective compliance mechanisms. As we are speeding up at the interaction level we are slowing down at the implementation level. This is very clear in the Rotterdam Convention. 9015/17 KS/dk 3 ANNEX DG E 1A EN We fully understand and share the frustration that has led some of our African colleagues to propose changes to the Rotterdam Convention to break the growing stalemate on the listing of chemicals. We must find a way to end this stalemate. We must find a way to at least allow the large majority of willing Parties to benefit from the Rotterdam Convention information exchange system. The Industry in the EU still exports a number of chemicals listed in Annex III demonstrating that listing does not kill chemical industry. On the contrary. It ensures that the information necessary to safely manage chemicals is exchanged and thereby ensuring the sustainable use of chemicals throughout their life cycle. In contrast, excellent work continues to be done under the Basel Convention on many issues. The EU and its Member States hope that the discussions at these three COPs will address these concerns so that together with all the routine work which must be done we will sit here on the fifth of May, for the successful work, work that our citizens can see a benefit of. The European Union and its Member States are now ready to engage in all forms of discussion on substantive matters and look forward to fruitful, productive and responsible engagement during these Conferences of the Parties. \_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 4 ANNEX DG E 1A EN ADOPTION OF THE AGENDA BC Item 2; RC Item 2; SC Item 2 The European Union and its Member States would like to thank the Bureaux and the Secretariat for the proposed provisional agendas. We agree generally with them. However, we would like to request the explicit inclusion of the Memoranda of Understanding between the COP of each Convention and UNEP, and FAO in the case of the Rotterdam Convention, as a separate item of the agenda of the meeting of each COP. This is an important matter, which has been the subject of decisions by the COPs in 2013 and in 2015. Since it is still outstanding, it should appear as a specific agenda item for 2017 meetings of each COP and, if appropriate, for future meetings. We would be grateful if the Presidents let us know whether we should reiterate the request under the two other Conventions, or whether this request is sufficient. \_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 5 ANNEX DG E 1A EN ORGANISATION OF WORK BC Item 3 (b); RC Item 3 (b); SC Item 3 (b) The European Union and its Member States thank the Bureaux and the Secretariat for the tentative schedule and the suggested organisation of work. We have a number of proposals: - Careful consideration should be given to ensure that there is sufficient time to discuss all the proposed decisions and that it may not always be possible to do so in plenary. Therefore, in addition to the contact groups on 'technical assistance and financial resources' and on '***programme*** of work and budget', we support a contact group on joint issues, which should address various matters of relevance to the three Conventions, including the Memoranda of Understanding with UNEP and FAO, the draft Decisions on the synergies review and other joint issues for which we have submitted substantive proposals this morning. Given the various decisions to be addressed by this group, the focus should be on the decisions and not, for example, on the content of reports from consultants on the synergies review. - On the tentative schedule of the Rotterdam Convention, we are concerned about the session for the afternoon of Thursday 27 April. This session would take place several days before the actual schedule for Rotterdam Convention related matters. This is of concern due to the absence of relevant experts on that date. In fact, we would like to recall that the 2015 decisions on the date of these 2017 meetings of the COPs, provided that the meetings would take placed 'back-to-back', i.e one COP meeting after the other, except in the case of joint sessions, where appropriate on joint issues. This is not the case of the RC-specific session or for the possible RC-specific contact group suggested for 27 April. - Regarding the proposals to amend Articles 16 and 22 of the Rotterdam Convention, and given that they touch upon different subjects, it would be important to ensure that their various aspects are properly considered. A Friends-of-the-President group would seem the best way to ensure an adequate overview of their different elements and implications. This same group could also consider the state of play and possible next steps on the Rotterdam Convention intersessional work on the process of listing chemicals, in view of its link with the proposed amendment to Article 22 of the Convention. Finally, we would like to have reflected in the meeting report our concern about the late availability of some important documents, for example, the draft strategy and workplan on the clearing house mechanism, which contain the actual substance of the draft Decision on this issue. \_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 6 ANNEX DG E 1A EN INTERNATIONAL COOPERATION AND COORDINATION BC Item 4 (e) (ii); RC Item 5 (f); SC Item 5 (k) The European Union and its Member States thank the Secretariat for the pertaining documents and the work undertaken. Enhanced international cooperation and coordination, in particular within the chemicals and waste cluster and with all relevant organisations involved in the implementation of the 2030 Agenda, is as essential as the enhancement of cooperation and coordination among the three Conventions. Therefore, we welcome the draft Decision. This Decision should be complemented with a few additional elements. In this respect, I refer to: - the adoption of the 2030 Agenda on Sustainable Development and the integration of the sound management of chemicals and waste in numerous goals of the 2030 Agenda should be welcomed; - the COPs should also welcome the resolutions adopted at the fourth session of the International Conference on Chemicals Management, including the endorsement of the Overall Orientation and Guidance to meet the 2020 goal and the importance of the intersessional process on the sound management of chemicals and waste beyond 2020 to achieve a coherent framework. We look forward to discussing these matters in a contact group on joint issues. \_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 7 ANNEX DG E 1A EN TECHNICAL ASSISTANCE AND CAPACITY BUILDING BC Item 4 (d) (i); RC Item 5 (d); SC Item 5 (f) We took note of your request to the COPs to add this agenda sub-item. Since we are focussing on an omnibus decision, I hope you don't mind that I deliver only one sweet and short statement on behalf of the EU and its Member States on this agenda item. We would like to thank the Secretariat for the work undertaken and the pertaining documents. The draft Decisions are generally acceptable, subject to certain adjustments and clarifications. As suggested by the Bureaux, all relevant points on technical assistance should be consolidated in a single (omnibus) decision from each COP in order to have a proper overview of the various interrelated matters and be able to focus at each COP on relevant priorities. Furthermore, we welcome the Secretariat's suggestion to have a 'technical assistance ***plan***' covering four years, instead of two. The technical assistance ***plan*** should remain a living document to be regularly updated and adjusted in line with the needs of Parties and implemented subject to the resources available. The regional centres also continue to have an important role to play to support Parties. To this end, there are some matters to be clarified regarding the status of some centres, which no longer seem to be active. We also welcome the activities undertaken to build capacity on preparedness and prevention of emergencies, in accordance with the Basel COP Decision adopted in 2015, and support the continuation of such activities in the future, using the funds available under the Basel Convention for this purpose, and in the context of the technical assistance ***plan*** for the next four years. We look forward to further discussions in a contact group, in order to address all these matters in an omnibus decision on technical assistance under each Convention. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 8 ANNEX DG E 1A EN FINANCIAL RESOURCES BC Item 4 (f); RC Item 5 (e); SC Item 5 (g) The European Union and its Member States thank the Secretariat for the documents and the work undertaken. We would also like to thank the Global Environment Facility and the Secretariat of the Special ***Programme*** for their reports and their work in support of the implementation of the Conventions. The implementation of the integrated approach to financing of the sound management of chemicals and waste remains essential. In this regard, we welcome in particular that the Special ***Programme*** has become operational to support institutional strengthening at the national level for the implementation of the three Conventions. The BRS Secretariat has played an important supporting role, which has facilitated the launch of first round of applications, the approval of a pilot phase of initial projects and the launch already of the second round of applications. These are concrete steps forward, which show the progress made in the implementation of this key element of the external financing component of the integrated approach. The support offered by the GEF, as the financial mechanism of the Stockholm Convention, also needs to be emphasised. We generally support, with certain adjustments, the draft omnibus decision on the financial mechanism of the Stockholm Convention. And, with the launching of the GEF-7 Replenishment process, we look forward to a thorough and constructive discussion on the ***programme*** priorities for the next 4 years. In addition, as agreed by the COPs in 2015, the GEF already takes into account possible co-benefits for the implementation of the Basel and Rotterdam Conventions within the revised focal area for chemicals and waste. All of the above are concrete steps in the implementation of the external financing component of the integrated approach to financing. We would like to emphasise the need to make further progress on the implementation of the other two components of the integrated approach, namely mainstreaming and private sector involvement. The Secretariat has provided, in its report on the implementation of the 2015 Decisions, valuable examples of mainstreaming and private sector involvement, which can assist Parties in making progress in this respect. Other relevant examples exist, such as the recent adoption by several Parties of legislation imposing taxes and levies in accordance with the polluter pays principle. We look forward to further discussions in a contact group. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 9 ANNEX DG E 1A EN ENHANCING COOPERATION AND COORDINATION AMONG THE BASEL, ROTTERDAM AND STOCKHOLM CONVENTIONS BC Item 5; RC Item 6; SC Item 6 The European Union and its Member States would like to thank the Secretariat for the work undertaken to enhance cooperation and coordination among the Basel, Rotterdam and Stockholm Conventions and for the documents prepared. The review has clearly concluded that the synergies process and activities have allowed significantly better implementation, coherence and management of the three Conventions. Enhanced cooperation and coordination are no longer a set of separate activities to be undertaken but instead they are a fundamental pillar on which the work of the Conventions relies. Our work should focus on the draft Decision on the synergies review as well as other joint draft Decisions on gender mainstreaming, the clearing house mechanism, preventing and combatting illegal traffic and trade in hazardous chemicals and wastes, moving from science to action, international cooperation and coordination and the Memoranda of Understanding. We look forward to constructive discussions in a contact group. In addition, we would like to present to the Stockholm and Basel Conferences of the Parties a proposal to strengthen the involvement of experts working under the Basel Convention in the work of the POPRC. Our proposal will be presented in a CRP under the relevant agenda items of the Stockholm and the Basel COPs. \_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 10 ANNEX DG E 1A EN OTHER MATTERS: MEMORANDA OF UNDERSTANDING WITH UNEP/FAO BC Item 8; RC Item 9; SC Item 9 The European Union and its Member States take note of the documents prepared by the Secretariat. We would like to recall that this is a long standing issue. Building on 2013 Decisions, the COPs requested, in 2015, the Executive Secretaries of UNEP and, in the case of the Rotterdam Convention, FAO to prepare draft Memoranda of Understanding for consideration and possible adoption at the 2017 COP meetings. However, we see that, despite of these decisions, no draft MoUs have been presented for consideration by the COPs. In fact, the 2015 Decisions are not even mentioned in the draft Decisions prepared by the Secretariat. Regarding the MoU under the Rotterdam Convention, in relation to the statement in document UNEP/FAO/RC/COP.8/26 that the FAO considers that there is no need for an MoU with the COP 'unless the COP to the Rotterdam Convention holds different views', the response is the same one to a similar comment by FAO in preparation of the 2013 COP. It should be clear that the COP of the Rotterdam Convention, as reflected in its Decisions RC-6/15 and RC-7/14, adopted in 2013 and 2015, has already decided twice that such MoU is necessary. We would be grateful if this could clearly be reflected in the meeting report. Indeed, the fact that there are separate arrangements between the UNEP ED and the FAO DG is appreciated. However, these arrangements do not replace the need for an MoU with the COP, which is the governing body of the Convention. Such MoU seems even more necessary in circumstances where there is a clear need to have transparent reporting and information on financial and budgetary procedures applied and the use of available funds. It should be recalled that the Convention and its Secretariat are autonomous and that the Convention procedures, rules and reporting mechanisms are to be followed. We have several proposals regarding the draft Decision, inter alia, to avoid further delays on this matter and look forward to clarifying the state of play with the Secretariat, UNEP and FAO. We also look forward to discussions with other Parties in the contact group on joint issues. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 11 ANNEX DG E 1A EN MATTERS RELATED TO THE IMPLEMENTATION OF THE ROTTERDAM CONVENTION: COMPLIANCE RC Item 5 (c) Thank you Mr. President, The EU and its Member States are of the view that the compliance mechanism of the Rotterdam Convention is the only key outstanding issue in relation to establishing the elements foreseen in the Convention. We have an obligation, according to Article 17, to put in place a compliance mechanism as soon as practicable. We have reached a balanced text on a mechanism for the Rotterdam Convention, negotiated over many COPs, and finalized it at the last COP. It is ready for adoption. We see no need for further negotiations. A compliance mechanism is key for the effectiveness of the Convention and a good tool especially for developing countries. On all other issues, we have provisions and mechanisms in place, including in relation to finance. After several years of careful consideration in different fora we have succeeded in identifying and setting up further opportunities for financing. We have ensured the opportunity for financing through the GEF, and we have elaborated an integrated approach to financing with three elements: • mainstreaming - the integration in national policies and ***plans***; • industry involvement, and • dedicated external financing. The Special ***Programme*** to support institutional strengthening at the national level, set up by the UN Environment Assembly in 2014, delivered on the dedicated external financing element. It is up and running and has its second call for projects taking place right now. Mr. President, we are here to move forward. We have heard the suggestion for a contact group, but we are convinced that can only bring us backwards and we would encourage you to consider other options. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 12 ANNEX DG E 1A EN MATTERS RELATED TO THE IMPLEMENTATION OF THE STOCKHOLM: COMPLIANCE SC Item 5 (j) Mr. President, the EU and its Member States are of the view that agreeing on a compliance mechanism for the Stockholm Convention is of twofold importance: For the implementation of the Convention as such as well as to address the challenges we are facing today in relation to the sound management of chemicals and wastes, which is part of the Sustainable Developing Goals. As it is the case for Rotterdam, also for Stockholm the compliance mechanism is the only key remaining issue in relation to establishing the elements foreseen in the Convention. Having a compliance mechanism put in place is more important than ever. This is also underlined by the effectiveness evaluation of the Convention, which points to the need for a compliance mechanism to be established. We did unfortunately not make progress at COP7, and we would not be inclined to work on the basis of the text elaborated at that meeting. We have a good basis in the COP 6 draft text, with some outstanding issues we need to solve, before we are ready to adopt a text. One of the implications of this issue – and not the least important – is our credibility. Therefore, we encourage all delegations to join us in ensuring a positive outcome of this COP. In conclusion we can support your proposal, Mr. President, to follow a Friends-of-the-President approach to solve this issue. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 13 ANNEX DG E 1A EN STATEMENTS DELIVERED AT THE THIRTEENTH CONFERENCE OF THE PARTIES TO THE BASEL CONVENTION Matters related to the implementation of the Convention: ***Strategic*** issues BC Item 4 (a) (i) ***Strategic*** framework The European Union and its Member States would like to stress the importance of the ***strategic*** framework in guiding the work under the Basel Convention. We support the draft Decision and will work towards an increased feedback from Member States. BC Item 4 (a) (ii) Follow-up to the Indonesian-Swiss country led initiative to improve the effectiveness of the Convention: Addressing the entry into force of the Ban Amendment The European Union and its Member States would like to welcome the latest ratifications of the ban amendment. We hope the ban will soon enter into force. With regard to the draft Decision, we suggest to add a call to Parties to ratify the Ban Amendment. BC Item 4 (a) (ii) Follow-up to the Indonesian-Swiss country led initiative to improve the effectiveness of the Convention: Developing guidelines on environmentally sound management The European Union and its Member States welcome with appreciation the excellent work done by the expert group on environmentally sound management. We support the adoption by the COP of the set of five practical manuals. These manuals will be useful in providing an understanding of some of the key areas relevant to ESM and will help to improve the implementation of ESM at national and local levels. We would also like to welcome the work on the two new draft practical manuals on extended ***producer*** responsibility and financing systems and look forward to further work being pursued on these, as well as on some other items in the work ***programme*** of the expert group. We support the extension of the mandate of the expert group. We have prepared some suggestions for changes in the draft Decision. With regard to the work ***programme*** of the expert group, we find that clarification is needed on some of the activities. We are looking forward to further discussions in a contact group. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 14 ANNEX DG E 1A EN BC Item 4 (a) (ii) Follow-up to the Indonesian-Swiss country led initiative to improve the effectiveness of the Convention: Developing guidelines on environmentally sound management: Legal clarity The EU and its Member States would like to welcome the excellent work done by the small intersessional working group on legal clarity. We support the adoption by the COP of the glossary of terms, as recommended by OEWG10. This is a very useful piece of guidance bringing clarity on key elements of the Convention. It will be an important help in making the distinction between waste and non-waste. As regards the draft Decision, we have prepared some suggestions for changes. With regard to the review of annexes to the Convention: we appreciate the work of Canada and the SIWG and welcome the report developed by Canada. We consider that this COP should be an important occasion to make progress, allowing us to move forward and complete work on at least Annex IV and related aspects of Annex IX at the next COP with the adoption of revised annexes. We think that an intersessional process should be established by this COP in order to formalise a proposal at least for the revision of these annexes that could be adopted at COP14. We generally support the process as outlined in the elements for a draft COP Decision contained in para. 70 of document INF/10 and think a draft Decision could be prepared on that basis. The idea of a working group with open-ended participation to carry out this work until COP14 could be interesting to ensure a broad inclusion of Parties and acceptance of the work. However, the budgetary implications of the work, e.g in relation to studies, need to be carefully assessed. We are looking forward to further discussions in a contact group. BC Item 4 (a) (iii) Cartagena Declaration on the Prevention, Minimization and Recovery of Hazardous Wastes and Other Wastes The EU and its Member States welcome the work done by the expert group to develop the guidance to assist Parties in developing efficient strategies for achieving prevention and minimization of the generation of hazardous and other wastes and their disposal. We support the adoption of the guidance by the COP because we consider it a mature document that could be useful on the ground. We have three minor comments on the document, for consistency reasons, that are contained in CRP 4. The good practices and examples in the annex of the document are helpful in providing hands-on information for the reader. These good practices and examples should be the starting point for a structured information exchange via the Basel Convention website, where the good practices and examples in the annex of the document as well as further good practices and examples that are gathered in the next biennium can be brought together and shared. We have some suggestions on the draft Decision in this regard. We are looking forward to further discussions in a contact group \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 15 ANNEX DG E 1A EN Scientific and technical matters BC Item 4 (b) (i) Technical guidelines on e-waste The adoption of the e-waste guidelines at COP 12 was a significant step forward in protecting particularly vulnerable countries from risks associated with unwanted imports of e-waste and negative impacts on human health and the environment. It is paramount that the guidelines are now used in practice and that we continue to exchange our respective experiences from this application. The EU and its Member States are grateful to the Secretariat for having compiled responses from parties on their application of the e-waste guidelines. As we are convinced of the importance of these guidelines, we are pleased that some parties have already started using them and we look forward to that more parties do so in the near future. The EU and its Member States have only recently transposed the e-waste guidelines into EU waste correspondents' guidelines, therefore some time is still needed to gain experience from their application. We consider it primarily important to gain more experience from the application of these guidelines. We have prepared some suggestions on the draft Decision in order to elaborate on the process after COP13. BC Item 4 (b) (i) Technical guidelines on incineration The EU and its Member States welcome that a survey on documents related to ESM has been conducted. Taking into account the outcome of the survey, we are hesitant as regards the need for updating of these guidelines. We would be interested to hear from other Parties especially from those by whom the guidelines are used and are considered an important tool. We believe that if updating these guidelines would be considered useful, for example because existing guidance may refer to obsolete technologies, it would be necessary to consider the priority of this work in the context of the whole work ***programme*** for the next biennium. BC Item 4 (b) (iii) Classification and hazard characterization of wastes The EU and its Member States would like to express its appreciation for the work carried out by the Secretariat and the report on the status of the work of the WCO on the Harmonized System related to the Basel Convention. We think that the Secretariat should continue its work in this regard in order to facilitate the inclusion of wastes covered by the Basel Convention in the Harmonized Commodity Description and Coding System. BC Item 4 (b) (iv) National Reporting The EU and its Member States would like to express its appreciation for the work carried out by the small intersessional working group in developing the manual for completing the format for national reporting and the user manual for the electronic reporting system. We also want to thank to the Secretariat for continuing to develop and updating the system. We have submitted CRP.3 and CRP.5 containing revisions of document 9/Add.2 and corresponding revisions of document INF/20. We would also like to express our appreciation to the Secretariat for the practical guidance on the development of inventories of used lead acid batteries, of electrical and electronic waste and of waste oils. 9015/17 KS/dk 16 ANNEX DG E 1A EN With regard to additional practical guidance on the development of inventories, we suggest a cautious approach; before work on further waste streams is started, we think that experience in using the guidance contained in doc INF/22 should be awaited. We support the draft Decision with some suggestions contained in CRP.16 and we want to share and discuss them with interested Parties and the Secretariat in order to finalise the draft Decision. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Legal, compliance and governance matters BC Item 4 (c) (i) Committee administering the mechanism for promoting, implementation and compliance The EU and its Member States would like to thank the committee administering the mechanism for promoting implementation and compliance (ICC) for its work. We have some concerns relating to its work and would like to emphasise the need for the ICC to focus its activities within its ***programme*** of work and within its mandate and capacity as a subsidiary body, and avoiding that actions undertaken exceed its mandate and capacity. We would like to further discuss these issues in the contact group. We hope that the guidance on the implementation of the Convention provisions on illegal traffic can be adopted at this COP. We have prepared some suggestions to improve the document contained in CRP 17. We have prepared suggestions on the changes of the reporting format for national reporting contained and consequential changes in other formats in document 9/Add.2 contained in a CRP, as well as corresponding changes of the reporting manual that will be dealt with under another agenda item. We think it may be premature to establish a small intersessional working group on electronic approaches to the notification and movements documents and believe that further discussion on this issue is necessary. We suggest some changes for the Decision including the ***programme*** of work of the Committee which will be issued in a CRP. BC Item 4 (c) (ii) National legislation, notifications, enforcement of the Convention and efforts to combat illegal traffic The EU and its Member States would like to express its appreciation of the implementation and enforcement activities undertaken by the Secretariat and encourages the Secretariat to further develop those activities. We support the draft Decision and have prepared some changes, which we are happy to share with you. The rationale of these changes is to ensure consistency between this Decision and the COP12 Decision while keeping in mind the draft Decision on “Synergies in preventing and combating illegal traffic and trade in hazardous chemicals and wastes”. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 17 ANNEX DG E 1A EN International cooperation, coordination and partnerships BC Item 4 (e) (i) Basel Convention Partnership ***Programme*** Pace The EU and its Member States would like to thank for the reporting back of the work carried out by the Partnership Working Group (PACE). We also would like to express our appreciation to this Partnership. We support the disbanding of the Working Group. We would furthermore welcome any constructive further work undertaken by Basel Convention Regional Centres in implementing further actions regarding e-waste in general and encourage them to take the lead in this work. In conclusion, Mr. President, the EU and its

Member States support the draft Decision. Environmental network for optimizing regulatory compliance and illegal traffic The EU and its Member States want to thank the Secretariat and the chairs for the reporting back on the ENFORCE activities since the 2015 meetings of the Triple COPs. We welcome the work undertaken by the network and are of the view that it should be continued. Household waste The EU and its Member States welcome the progress made towards the establishment of the Household Waste Partnership under the Basel Convention and support its establishment. We have issued a CRP on the terms of reference contained in Annex II to document INF/33 because we think that the terms of reference should be adopted by the COP. This CRP has been uploaded on the website under number 6. We have also suggested some changes to the draft Decision. These suggestions are reflected in CRP 18. BC Item 4 (e) (ii) International cooperation and coordination Environmentally sound dismantling of ships The EU and its Member States clearly recognize the importance and the urgency of improving the recycling of ships in an environmentally sound manner globally. We can accept to take note of the information provided. Cooperation with IMO The EU and its Member States welcome the work undertaken and think that the manual should be adopted. We hope that it will contribute to improvements on the ground. We have prepared some suggestions to improve the manual contained in CRP 7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 18 ANNEX DG E 1A EN BC Item 4 (g) Operations and work ***programme*** of the Open-ended Working Group for the period 2018-2019 First of all, Mr. President, the EU and its Member States agree with you that the work ***programme*** should be made consistent with the COP Decisions taken under the relevant agenda items. We listened with great interest to the ***intervention*** of Norway, in which it was proposed to insert plastic marine litter in the work ***programme***. We support this and took note that other countries supported this as well. We took a look at the CRP and at first glance the suggestions made in that document seem to coincide with the views we have on this matter. We have additional text for the draft Decision and we are happy to discuss this further with Norway and others to elaborate on the draft Decision. As regards the organization of the OEWG, we think that the arrangements of the last OEWG meeting was successful and should in principle be continued. As experience at OEWG10 has shown, two days of plenary sessions with simultaneous interpretation seem sufficient. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 19 ANNEX DG E 1A EN STATEMENTS DELIVERED AT THE EIGHT CONFERENCE OF THE PARTIES TO THE ROTTERDAM CONVENTION Matters related to the implementation of the Convention RC Item 5 (a) Status of implementation General issues related to the implementation of the Convention and definition of the term 'pesticides' The European Union and its Member States would like to thank the Secretariat for the report on implementation of the Convention. We would like to welcome the three new Parties to the Convention - Tunisia, Sierra Leone and Malta - and congratulate them for the decision to join our PIC family. We encourage the new Parties and all other Parties as well, if not yet done, to quickly nominate a DNA and to keep the DNA contact details up-to-date. DNA contact details are essential for the communication amongst Parties and should therefore always be up-to-date. When looking at the status of implementation, and in particular the submission of import responses, we are happy to see a clear improvement with an overall rate of 75% of submitted import responses compared to 62% in the previous reporting period. In particular, we would like to congratulate Gabon and Armenia for having submitted 35 and 27 import responses, respectively, since last COP. Still, we would like to encourage all Parties to submit missing import responses as soon as possible. The submission of import responses is crucial for the protection of all countries and in particular developing countries from unwanted imports of dangerous chemicals. The Convention only provides protection for one year, in the absence of an import response. After that period, chemicals listed in Annex III can be exported to countries that have not submitted an import response without any protective measures. We agree in principle to the draft Decision proposed in document RC COP.8/4. However, due to the numerous requests for information on the impact of listing on the chemicals market, we suggest adding a request for the Secretariat to collect relevant data. Please find our proposal in a CRP, which if I understand correctly has already been uploaded on the BRS website. Allow me, Mr. President, to also address 'pesticides': The EU and its Member States would like to thank the Secretariat for the report on the survey on the definition of the term 'pesticide' applied by Parties. The survey shows, that Parties apply different definitions of the term 'pesticides', ranging from a narrow definition that is limited to ***agricultural*** pesticides to a broad definition as proposed in the FAO code of conduct. 9015/17 KS/dk 20 ANNEX DG E 1A EN We would like to emphasise that proper implementation of the import responses submitted by Parties is only possible when knowing the definition of the term 'pesticides'. Therefore, it is very important that all Parties inform the Secretariat on the definition applied in their country. So far, only 29 Parties replied to the survey and, therefore, we would like to encourage all Parties that did not yet do so to participate in the survey. Considering the weak participation in the survey and the still missing analysis of the responses and description of the implications of the use of different definitions for the term 'pesticides', including options to address them, we suggest continuing the work. Therefore, the EU and its Member States propose that the Secretariat carries out further work in order to provide complete information on the existence of various definitions of the term 'pesticides' and the implications resulting from those differences for the implementation of the Convention, including options to address this. Please find a draft Decision addressing our suggestion in a CRP. We would very much appreciate engaging with other Parties in further discussions on this matter, including on our CRP 9. Proposal for activities to increase notifications of final regulatory action The European Union and its Member States would like to thank the Secretariat for carrying out the activities aiming at increasing the number of notifications of final regulatory action to ban or severely restrict a chemical and for the report on them. We are content to note a substantive increase in the number of notifications of final regulatory action. However, further efforts are needed since the number of countries submitting notifications is still very low. The objectives of the Convention can only be achieved when more notifications of final regulatory action are submitted by Parties and progress in adding chemicals to the PIC procedure is made. Not doing so undermines the effectiveness of the Convention in providing information for Parties. We call upon all Parties, including the members of OECD, to submit notifications of final regulatory action when banning or severely restricting a chemical. We see the obligation to notify final regulatory actions as a priority for capacity building and would welcome broader use of webinars and online tools as means since they are an effective vehicle for training and since they are cost efficient. In this context, we would also be interested in feedback on the final regulatory action evaluation toolkit and would like to encourage the use of that toolkit for national decision-making and the submission of notifications of final regulatory action. In addition, we would like to encourage all Parties to more actively use the IOMC toolbox, which is a very useful tool assisting countries in achieving sound management of chemicals, including the implementation of the Rotterdam and other Conventions on chemicals. 9015/17 KS/dk 21 ANNEX DG E 1A EN Proposals for the listing of Severely Hazardous Pesticide Formulations in Annex III are equally important and we encourage developing countries to submit those proposals in accordance with Article 6, if they experience problems caused by that SHPF. In order to support developing countries in this task, we suggest amending the draft Decision outlined in document RC/COP.8/5. The EU and its Member States therefore support the adoption of the Decision outlined in document RC/COP.8/5 with the suggested changes outlined in CRP 7. Exports, export notifications and information exchange The EU and its Member States thank the Secretariat for carrying out the survey on the implementation of Articles 11(2), 12 and 14 and for the report on that survey. We regret that only 19 Parties replied to the survey, which results in an incomplete picture on the implementation of these Articles. We note the low rate of acknowledgements of receipt of export notifications received by exporting countries, which was only 70% and confirms our experience. Considering the importance of that information exchange and the administrative burden, including the obligation of exporting Parties pursuant to Article 12(4) to send a second export notification in the absence of an acknowledgement of receipt within 30 days, we would like to urge all importing parties to comply with their obligation and recall that the acknowledgment of receipt is requested to ensure that the notification has been received by the competent person in the importing Party. An acknowledgement of receipt has no further implications and is not a consent to export. We also experienced a low rate of response when implementing Article 11(2), which we apply without any time limit and not only to chemicals listed in Annex III but also to other hazardous chemicals that are banned or severely restricted in the EU, by requesting the explicit consent of importing countries prior to export. The response rate to requests for explicit consent was only 52%, which is regrettable since importing Parties miss the opportunity to actively contribute to this exchange of information that offers them protection against unwanted imports of hazardous chemicals. Considering the importance of exchange of information according to the Articles, we think that efforts should be continued by all Parties and the Secretariat to implement those provisions or to facilitate their implementation. Therefore, the EU and its Member States would like to propose the adoption of a decision as outlined in CRP 8. That decision aims at strengthening implementation of Articles 11(2), 12 and 14, which would increase the safety of the international trade in hazardous chemicals, the information flow and transparency. In addition, we propose addressing the growing problem of illegal trade in chemicals in this Decision. Illegal trade is addressed as a cross-cutting issue at this triple COP since it is relevant for all three Conventions. Since proper implementation of Articles 11 and 12 is an important contribution to the fight against illegal trade, we suggest reflecting it as well in this Decision. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 22 ANNEX DG E 1A EN RC Item 5 (b) Listing of chemicals in Annex III 5 (b) (i) Consideration of chemicals for inclusion in Annex III Chemical Review Committee: developments for action by the Conference of the Parties The European Union and its Member States agree to the confirmation of the new experts designated for the Chemical Review Committee. We congratulate them with their formal appointment once the names are inserted in the document. We would like to thank all outgoing experts for their input to the work of the Chemical Review Committee. Their contribution and dedication was a very important element in ensuring the successful work of the Committee. We also would like to thank Mr Jürgen Helbig for chairing the 11th and 12th meeting of the Chemical Review Committee. We thank the Secretariat for holding the orientation workshop for new members of the Chemical Review Committee and urge Parties to provide resources in support of the Secretariat's request to continue organising such workshops since we consider them very useful for the work of the Committee. The EU and its Member States support the adoption of the draft Decision as outlined in document RC/COP.8/7, except for the fourth paragraph, where the alternative text provided in ALT 4 is supported. We think it is more appropriate to request the CRC to identify an interim chair amongst its members, who would formally be elected by the Conference of the Parties at its ninth meeting. Therefore, we suggest deleting the text in the first square brackets and using the text of ALT 4. Recommendations on listing new chemicals 5.(b) (i) (a) Fenthion 640 ULV (SHPF) The European Union would like to thank Chad for submitting the proposal to list fenthion 640 ULV as a severely hazardous pesticide formulation. We welcome the proposal and we are confident that the listing will help other developing country Parties to better manage the risks related to the use of those formulations through information exchange, and national decisions on use, including import. The European Union again strongly supports the inclusion of fenthion 640 ULV as a severely hazardous pesticide formulation in the PIC procedure. It is clear that the proposal from Chad fully meets the criteria of Annex IV and that all procedures have been complied with. It is important to remember that inclusion in the PIC procedure does not in any way constitute an international ban or an invitation to Parties to ban a chemical's use. Please also note that the Convention does not require two countries to have a problem with the formulation nor does it forbid listing if another country can use the formulation safely. 9015/17 KS/dk 23 ANNEX DG E 1A EN 5.(b) (i) (b) Trichlorfon It’s a pleasure to take the floor just after the positive message from India on regulating trichlorfon nationally. The European Union would like to thank the Chemical Review Committee for its work in reviewing the notifications of final regulatory action on trichlorfon and in ***producing*** this Decision Guidance Document. As at COP7, the European Union again strongly supports the inclusion of trichlorfon in the PIC procedure for its use as pesticide. It is clear that the notified regulatory actions fully meet the criteria of Annex II and that all procedures have been complied with. 5.(b) (i) (c) Liquid formulations containing paraquat dichloride (SHPF) The European Union would like to thank the Chemical Review Committee for its work in ***producing*** this Decision Guidance Document. We would also like to thank Burkina Faso for submitting the proposal to list a liquid formulation containing paraquat dichloride at or above 276 g/L. We recognise that this proposal is based on real problems experienced when using that formulation under the national conditions of use in Burkina Faso. The European Union again strongly supports the inclusion of liquid formulations containing paraquat dichloride at or above 276 g/L as a severely hazardous pesticide formulation in the PIC procedure. We kindly ask CropLife to submit to the Secretariat the evidence on which their ***intervention*** is based. RC Item 5 (b) (i) (d) Chrysotile asbestos On behalf of the European Union I would again like to repeat our statements already made at COPs 3, 4, 5, 6 and 7. We strongly support the inclusion of chrysotile asbestos in the PIC procedure. All the criteria for inclusion have been met and all the procedures have been followed correctly and hence the only logical outcome of our discussion should be listing. Turning to those who consider that they can manage chrysotile asbestos safely, we would like to repeat that you will be free to do so after the listing and those exporting the chemical can submit relevant information. The continued failure to list chrysotile undermines the very credibility of the Convention and contributes to the wrong interpretation that the Convention bans the use of chemicals some Parties may still wish to use. The whole purpose of the PIC procedure is information exchange on hazardous chemicals before they are traded for use in the category for which they are listed so that Parties can decide for themselves whether or not to allow this use. The European Union would like to reiterate that the purpose of the Rotterdam Convention is not to carry out a risk assessment or a comprehensive scientific assessment of the available data, including potential substitutes. The Convention works on the basis of notifications of final regulatory action to ban or severely restrict a chemical received from Parties and checks those notifications against the criteria set out in Annex II. If those criteria are met, the chemical is proposed for listing in Annex III by the CRC and should be listed by the COP. 9015/17 KS/dk 24 ANNEX DG E 1A EN Mister President, we were pleased to hear the strong support from several Parties for listing chrysotile asbestos, and we hope that we will reach consensus on this issue. We note that very few Parties oppose the listing of chrysotile asbestos and we hope that the reasoning put forward for this position can be discussed in greater detail in a small group. We fully respect all Parties but we need a frank discussion about our collective credibility. The European Union and its Member States are firm believers in multilateral processes which protect the weak against powerful vested interests and we hope others are as keen as we are to find a solution to this long-running issue of which we can all be proud. RC Item 5 (b) (i) (e) Short-chain chlorinated paraffins (SCCP) The European Union would like to thank the Chemical Review Committee for its work in reviewing the notifications of final regulatory action on short-chain chlorinated paraffins and in ***producing*** the draft Decision guidance document. We strongly support the inclusion of short-chain chlorinated paraffins in the PIC procedure for its use as industrial chemical. As already was stated by Australia and Thailand, it is clear that the notified regulatory actions fully meet the criteria of Annex II. RC Item 5 (b) (i) (f) Tributyltin compounds The European Union would like to thank the Chemical Review Committee for its work in reviewing the notifications of final regulatory action on tributyltin compounds and in revising the draft Decision guidance document. We strongly support the inclusion of tributyltin compounds in the PIC procedure for its use as industrial chemical. It is clear that the notified regulatory actions fully meet the criteria of Annex II. RC Item 5 (b) (i) (g) Carbofuran The European Union would like to thank the Chemical Review Committee for its work in reviewing the notifications of final regulatory action on carbofuran and in ***producing*** the draft Decision guidance document. We strongly support the inclusion of carbofuran in the PIC procedure for its use as pesticide. It is clear that the notified regulatory actions fully meet the criteria of Annex II. RC Item 5 (b) (i) (h) Carbosulfan The European Union would like to thank the Chemical Review Committee for its work in reviewing the notifications of final regulatory action on carbosulfan and in ***producing*** the draft Decision guidance document. We strongly support the inclusion of carbosulfan in the PIC procedure for its use as pesticide. It is clear that the notified regulatory actions fully meet the criteria of Annex II. Furthermore, I would like to emphasize the following three issues: 1) listing is no ban; 2) risk evaluation as defined in the Rotterdam Convention is not equal to an EU risk assessment, 3) EU industry exports more than 8000 times per year of listed substances. 9015/17 KS/dk 25 ANNEX DG E 1A EN Article 16 Proposed Amendments RC Item 5 (b) (ii) The European Union and its Member States thank the proponent Parties for their proposal to amend Article 16 of the Rotterdam Convention, which we have considered with interest. We believe that relevant and effective decisions have already been taken in various fora to foster the provision of technical and financial assistance for implementation of the Rotterdam Convention, including Decisions RC-7/8, BC-12/18, and SC-7/22. In line with Decision RC-7/8, it should be recalled that the support provided to countries by the GEF already takes into account, subject to its mandate, possible relevant aspects of the Rotterdam Convention within the revised focal area for chemicals and waste. Furthermore, the European Union and its Member States remain committed to support developing countries in accordance with the provisions of the Rotterdam Convention and relevant COP decisions on the implementation of the integrated approach to financing. The proposed amendment would entail a complex and difficult process, which is not expected to bring any concrete added value. In addition, the amendment would not be in line with the mandate and procedures of the GEF and would therefore require amendments to the GEF instrument, which would entail lengthy and difficult negotiations. In view of these considerations, we believe that is important to focus at present on making full and efficient use of existing instruments in implementation of the integrated approach to financing. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ RC Item 5 (c) Compliance Dear Mr. President Thank you for all your efforts in promoting the adoption of a compliance mechanism. First of all, we would like to convey our concern regarding the process and well as the content. The opening up of clean text agreed at previous COP’s is a very disturbing precedent, and questions the willingness of delegations to negotiate in good faith. We had a balanced text, which is now opened to accommodate only the views of a limited group of Parties. Regarding the text itself: We have concerns that the terminology has been changed in a way which makes it different from the terminology and wording used in other compliance mechanisms, and which sometimes also makes the text unclear. 9015/17 KS/dk 26 ANNEX DG E 1A EN Further, the mechanism is now practically entirely facilitative, with only a possibility for agreeing on further measures if decided at COP11, which is not likely to happen. Since we find that stronger measures should be included, in order to address all kinds of cases, for developed as well as developing Parties, this is clearly a weakness of the draft text. Finally, we see elements which are repetitive and delaying the procedures and the facilitation or measures to be decided, due to long hearing periods for parties whose compliance is in question. However, in order to move forward and acknowledging the will amongst many Parties to do so, we will be willing to consider adopting the text, if all other Parties agree. Otherwise, we trust that you will not disclose our willingness to do so. It is our clear understanding that the text is not subject to further negotiation, and will be taken off the table and not forwarded to the next COP, if not agreed. 9015/17 KS/dk 27 ANNEX DG E 1A EN STATEMENTS DELIVERED AT THE EIGHT MEETING OF THE CONFERENCE OF THE PARTIES TO THE STOCKHOLM CONVENTION Matters related to the implementation of the Convention Measures to reduce or eliminate releases from intentional production and use SC item 5 (a) (i): Exemptions The European Union and its Member States would like to thank the Secretariat for the report on implementation of specific exemptions and acceptable purposes and other exemptions. We are content that the number of specific exemptions that are registered and the number of Parties having registered those specific exemptions is decreasing. This shows that the efforts of Parties to replace POPs by safer alternatives are bearing their fruits. We would like to strongly encourage all Parties to continue those efforts in order to replace all POPs by safer alternatives as soon as possible. The EU and its Member States can support the adoption of a decision as outlined in document POPS/COP.8/4. SC Item 5 (a) (ii): DDT The European Union and its Member States would like to thank the DDT Expert Group for their work to date as well as their recommendations, which recognise that there is a continued need for DDT in specific settings for disease vector control where effective or safer alternatives are still lacking. However, in view of the negative impacts on human health and the environment of exposure to DDT, we would like to encourage all Parties to make further efforts to replace DDT with less hazardous alternatives or methods. We would like to congratulate the African region for the formidable progress made, while being mindful of the vector resistance issues. We would also like to congratulate India for anticipated termination of the use of DDT for Leishmaniasis vector control in the course of this year. We support the decision proposed by the Secretariat in document POPS/COP.8/5 and urge Parties to improve the reporting on DDT, to increase the national capacity for research and resistance monitoring, and to upscale existing alternatives to DDT. The European Union and its Member States would like Parties to consider an addition to paragraph 3(b) of the proposed decision, for all Parties to commit to make efforts towards ensuring the long term sustainability of vector ***programmes***. The revised paragraph 3(b) would read as follows: 'Ensuring adequate national capacity for research, resistance monitoring and implementation for pilot testing and scaling up of existing alternatives to DDT as well as ensuring the long-term sustainability of vector control ***programmes***. 9015/17 KS/dk 28 ANNEX DG E 1A EN SC Item 5 (a) (iii): Polychlorinated biphenyls The European Union and its Member States would like to thank UNEP chemicals, the PCB Elimination Network and the Secretariat for their work and for the reports and welcome that the work and the report ***produced*** by the PCB Elimination Network have been included in the work of the Effectiveness Evaluation Committee. We would like to reiterate the Convention's objective regarding PCBs, which is to eliminate the use of PCBs in equipment by 2025 and make determined efforts to destroy liquids and equipment with PCBs by 2028. The EU has internal legislation on PCBs since 1976 and has made significant progress towards elimination and sound disposal of PCBs. We agree, as outlined in the draft Decision proposed in document POPS/COP.8/6, that the 'Parties urgently need to develop and implement rigorous ***plans*** for the environmentally sound management of polychlorinated biphenyls throughout their life cycles, including their elimination and destruction, to meet the goals of the Stockholm Convention. However, we think that this is not sufficient and suggest an amendment to paragraph 3 of the proposed Decision in order to underline the need for Parties to intensify their efforts to eliminate PCB and meet the 2025/2028 goals of the Stockholm Convention. As regards the establishment of a small inter-sessional working group to prepare a report on progress towards the elimination of polychlorinated biphenyls we suggest that it may be more efficient if this is done by the Secretariat instead. Therefore, we suggest deleting paragraphs 6, 7 and 8 and amending paragraph 9 accordingly. We prepared a CRP in order to facilitate the presentation of our comments. Please find the suggested changes in a CRP. SC Item 5 (a) (iv): Brominated diphenyl ethers The European Union and its Member States take note of the report by the Secretariat on the challenges encountered by Parties during the elimination of POP-BDEs. We think it is of utmost importance to prevent the export of articles that contain or may contain brominated diphenyl ethers to countries that lack the capacity to dispose of such wastes in an environmentally sound manner and would like to encourage all Parties to take the necessary measures. We strongly support the recommendation of the effectiveness evaluation report to significantly improve reporting on POP-BDEs, including the provision of quantitative information on articles containing POP- BDEs, including in recycling and waste streams. We would like to emphasise that the need for exemptions should be carefully considered since we need to make progress in the elimination of POP-BDEs. The EU and its Member States support the draft Decision included in document POPS/COP.8/7, with some changes contained in our CRP; we think for example that it should be taken into account that Parts IV and V of Annex A only apply to Stockholm Parties that have made use of these exemptions. 9015/17 KS/dk 29 ANNEX DG E 1A EN SC Item 5 (a) (v): Perfluorooctane sulfonic acid, its salts and perfluorooctane sulfonyl fluoride The European Union and its Member States would like to thank the POPRC for revising the guidance on alternatives to PFOS. We consider that guidance very useful and would like to encourage all Parties to use it as extensively as possible. We would also like to thank the Secretariat for the work and, subject to the availability of resources, support its continued work on supporting Parties to build their capacity to strengthen their management of PFOS and to introduce alternatives. We consider capacity building for sound management of PFOS and the introduction of alternatives very important and would like to encourage the regional centres to be more active in this area and to support Parties in this regard. Therefore, we propose amending the proposed Decision by adding the following paragraph: 'Encourages the regional centres to provide support to Parties to improve their technical and legal capacity for the sound management of PFOS and the introduction of alternatives'. We agree to the proposed Decision outlined in document POPS/COP.8/8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SC Item 5 (b): Measures to reduce or eliminate releases from unintentional production The European Union and its Member States would like to thank the Secretariat for the work and would like to express appreciation for the work of the experts on the Toolkit and BAT/BEP guidelines and guidance. The EU and its Member States support the conclusions and recommendations made by the experts following their meetings in October 2015 and 2016. We concur in particular with the recommendation to ensure the sufficient involvement of experts in any further work and are therefore pleased to announce the continued active involvement of experts from the EU. The EU and its Member States support the proposed Decision outlined in document POPS/COP.8/9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SC Item 5 (c): Measures to reduce or eliminate releases from wastes The EU and its Member States would like to express their appreciation for the work undertaken under the Basel Convention to update and develop the Technical Guidelines. We support the draft Decision with some changes; we are in particular not sure whether it is feasible to develop data collection mechanism as outlined in paragraph 8. We will provide the Secretariat with our drafting suggestions reflecting this in writing. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9015/17 KS/dk 30 ANNEX DG E 1A EN SC Item 5 (d): Implementation ***plans*** The European Union and its Member States wish to emphasise the importance of the implementation ***plans*** and strongly urge all Parties to submit any missing or delayed ***plans***. We congratulate the Secretariat for the work done on revising and preparing new draft guidance documents, while cautioning that simplification and user-friendliness remains of importance. We support the proposal for the Secretariat to develop an electronic template for the quantitative information included in national implementation ***plans*** in a harmonised manner with the reporting under Article 15 of the Convention, as recommended in the executive summary of the report on the effectiveness evaluation of the Convention (POPS/COP.8/22/Add.1). We recommend that the Secretariat explores alternative approaches to gather information that would complement reporting, such as information harvesting through open data, a process whereby institutions seek out and obtain information from public information sources at the national level. Those approaches may also be helpful to make reporting more efficient and effective. We welcome that the Basel bodies should be invited to review waste-related aspects of three draft guidance documents, but think that the deadline should be at least a few weeks after OEWG11. We agree with the elements of the proposed action of document POPS/COP.8/11. However, we have minor comments on paragraph 7 of the proposed Decision, including that the deadline of 30 June 2018 is not considered appropriate since this deadline should be a few weeks after the Basel OEWG11, for which dates are not yet known. This morning we have provided the Secretariat with our comments in writing. We hope that this will facilitate your work in preparing a revised draft Decision for adoption in this house. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SC Item 5 (e): Listing of chemicals in Annex A, B or C to the Convention The European Union and its Member States would like to thank the Secretariat for the activities undertaken and the reports provided. We agree to the confirmation of the appointment of the new experts designated for the POPRC. We would like to thank all outgoing experts for their input to the work of the POPRC. Their contribution and dedication was a very important element in ensuring the successful work of the POPRC. We would also like to thank Ms Moreira (Brazil) for the very good job she did when chairing the 11th and 12th meeting of the POPRC. We support the draft Decision as outlined in document POPS/COP.8/12; we would however like to suggest some amendments. 9015/17 KS/dk 31 ANNEX DG E 1A EN The EU and its Member States would like to stress the importance of strengthening the involvement of experts working under the Basel Convention in the work of the POPRC in order to receive improved information on waste and disposal issues. Therefore, we suggest inviting the POPRC to strengthen the involvement of experts working under the Basel Convention. In addition, we suggest requesting the Secretariat to facilitate the involvement of those experts. We have prepared some suggestions in this regard, both for the Stockholm Decision on listing, which we are addressing now, and the Basel Decision on technical guidelines on POPs, which was already addressed under the Basel COP. The proposed amendments are outlined in our CRP and we are happy to discuss them with you. Recommendations on listing of chemicals in Annex A, B or C to the Convention Decabromodiphenyl ether (BDE-209) The European Union welcomes the proposal from the POPRC to list decaBDE. We agree with the need for specific exemptions for the production and use of decaBDE in spare parts for the automotive industry. In addition, the European Union can support the request for specific exemptions for the use of decaBDE in the production of aircrafts and spare parts for aircrafts. We are happy to discuss the details of the specific exemptions needed in a contact group Short-chain chlorinated paraffins (SCCPs) The European Union supports the listing of SCCPs in Annex A. SCCPs are already listed in our Regulation (EC) 850/2004 implementing the Stockholm Convention and, therefore, production, placing on the market and use is already prohibited in the EU. The European Union as Norway supports limiting the presence of SCCPs in MCCPs, as recommended by the POPRC. Hexachlorobutadiene (HCBD) The European Union supports the listing of hexachlorobutadiene in Annex C since unintentional releases of HCBD have been identified by the POPRC as a concern. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SC Item 5 (h): Reporting pursuant to Article 15 The European Union and its Member States would like to emphasise the importance of reporting as a crucial data source for the operation of the Convention, not least for the effectiveness evaluation. 9015/17 KS/dk 32 ANNEX DG E 1A EN We support the further work proposed by the Secretariat, including to continue to improve the electronic reporting system in time for it to be used for the submission of the fourth report pursuant to Article 15 as well as the development of an electronic template as indicated in relation to Item 5(d) of the Agenda. We wish to clarify with the Secretariat what additional benefit the inter-sessional working group will bring in developing a manual considering that the Secretariat has already developed a users' manual for the improved electronic reporting system. We agree in principle to the proposed action outlined in Section III of document 8/20, pending the clarification on the inter-sessional working group. SC Item 5 (i): Effectiveness evaluation The European Union and its Member States thank the Secretariat, the regional organization groups and the global coordination group for the work thus far and, subject to the availability of resources, encourage its continued work on supporting the activities of the Global Monitoring ***Plan***. We support the proposal of the revised terms of reference and mandate of the regional organisations groups and the global coordination group as set out in the Annex to document 8/21. The EU and its Member States would like to thank the Effectiveness Evaluation Committee for the comprehensive work carried out and the report presented, which covers the full spectrum of measures provided for in the Stockholm Convention. We would like to emphasise the point, in the proposed Decision in document 8/22, that the mechanisms required to support Parties in meeting their Convention obligations have all been put in place, with the exception of procedures and mechanisms on compliance pursuant to Article 17. Considering that inadequate implementation is the key issue identified in the effectiveness evaluation, the EU and its Member States urge Parties to pursue the obligation specified in Article 17. We support the proposal for the Secretariat to revise the framework of the effectiveness evaluation and we agree to the proposed Decisions outlined in Section III of documents 8/21 and 22. 9015/17 KS/dk 33 ANNEX DG E 1A EN STATEMENT FROM THE EUROPEAN UNION AND ITS MEMBER STATES CLOSING STATEMENT The EU and its Member States came to Geneva with a commitment, shared with others, to progress the effectiveness of the Conventions in a spirit of cooperation and openness. We would like to thank the Secretariat for the preparation, organisation and strong support during these 3 COPs, and the Presidents, together with the Contact Groups Co-Chairs and Co-Facilitators, for managing a broad agenda with open and excellent participation. We also would like to thank the interpreters to help us to understand one another. As this Triple COP has emphasised, the sound management of chemicals and waste is an essential and crosscutting element of the 2030 sustainable development agenda and we need to further strengthen our efforts to work together with all relevant international organisations in order to meet the 2030 goal. We believe that the Decisions we adopted are more robust as a result of everyone’s involvement and will contribute to more effective delivery of the three Conventions objectives. We also believe that the Decisions not adopted give rise to much concern. The EU and its Member States join in with others to express great satisfaction with the progress made under the Rotterdam and the Stockholm Convention as regards the listing of chemicals. The addition of those new chemicals will increase the level of protection of human health and the environment provided by both Conventions. Despite those positive results we are deeply concerned and disappointed that 4 listings failed, including the well-known chrysotile asbestos and paraquat formulation. Rotterdam is about sharing information to improve the management of chemicals and it is about solidarity. To have a few Parties blocking listing by asserting that the risks are controlled domestically deprives many countries of the PIC mechanism, which would help them manage the chemicals more safely. It is a pity that the position taken by a few Parties prevent that the objectives of the Convention are met by all others. We are extremely disappointed that it was not possible to make any progress on the compliance mechanisms for both, the Rotterdam and the Stockholm Convention. On the contrary, we are moving backwards and it seems that we are far away from any agreement and our credibility is at stake! Turning to the Basel COP, we acknowledge that a lot of progress has been made. 9015/17 KS/dk 34 ANNEX DG E 1A EN We are very pleased with the adoption of several key documents. The glossary of terms represents an important step in clarifying key terms in the Convention on the distinction between waste and non-waste. Practical manuals on the environmentally sound management of waste will be the core part of an ESM toolkit contributing to achieve the UN's sustainable development goals. Guidance on waste prevention is expected to help countries to develop efficient strategies on waste prevention. We are also pleased with the adoption of new technical guidelines on POPs waste and with enhanced cooperation between experts under Basel and Stockholm Conventions. And after this COP, we look forward to progress on the review of Annexes IV and related aspects of Annex IX as well as of Annex I and III which we expect will lead to further legal clarity. We are also keen to start working on the newly established household waste partnership and on new issues, such as plastics waste and marine litter. To implement our conventions requires a Secretariat with the resources needed to do its job - in other words an adequate and affordable budget. We thank Parties for helping the budget contact group to reach an outcome which we believe should satisfy all Parties. We would like to leave this meeting hoping that in future meetings we will all bear in mind the constructive and cooperative atmosphere which has generally characterised our work in the past. We hope that this can be extended through intensified informal contacts for example through electronic means between COPs so as to gain greater understanding of the issues we are all addressing together. We need long term engagement of ALL Parties to make a real difference to human health and the environment at the national, regional and global levels. Last but not least, allow us to thank in particular Mr. Matthias Kern, who has been deeply committed in the work of the Secretariat as a Senior Policy Officer for many years and is now attending the last Conferences of the Parties in this capacity before leaving for retirement. Thank you very much, Mr. President.

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**End of Document**



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**ABSTRACT**

***Protesters reject the government's plan for the economic development of Jerada. Protests intensify after authorities arrest four Hirak leaders. Member parties of the ruling coalition sign the "Charte de la Majorité", an agreement to promote cohesion and dialogue as political factions increase campaigning and trigger rumours of anticipated legislative elections. The government actively seeks international support ahead of potential new rounds of talks with the Sahrawi Arab Democratic Republic. The European Court of Justice rules against Morocco over a fishing agreement in Western Saharan waters. Despite an increased trade deficit at the beginning of 2018, recently published studies display a positive economic outlook for Morocco in 2018. Financial statements for 2017 of several major Moroccan companies show positive performance***.

**FULL TEXT**

**Regional economic inequality protests escalate despite government job *plans*...**

Despite the government's publication on 14 February of its ambitious socio-economic development ***plans*** for **Jerada Province**, protests have escalated in the region. The ***plan*** is in response to the **Hirak** protest movements, on-going since the death of two illegal coal miners in December 2017 (see *ARC Briefing Morocco January and February*).[[1]](#footnote-2)1 An emergency 2018-2020 ***plan*** provides for the creation of 1,000 jobs, with 300 dedicated to the coal mining industry.[[2]](#footnote-3)2 The government will prioritise jobs in Jerada's thermal stations for the province's youth with diplomas, and will launch new construction projects to expand the industrial zone, which it expects will generate 1,500 additional jobs.[[3]](#footnote-4)3 The ***plan*** also offers miners the possibility of organising themselves in companies or cooperatives in order to commercialise their coal production with the **Office National d'Électricité et des Eaux (ONEE)** (national office of electricity and water) and to sign contracts with ONEE in the coal transport sector and other outsourcing activities.[[4]](#footnote-5)4

The ***plan*** includes a ***programme*** to create 5,000 direct jobs in different sectors, including ***agriculture***, by mobilising 3,000 hectares of land for exploitation in addition to redeveloping current irrigated perimeters. The government has launched 108 projects to reinforce roads, education, health, water and electricity, as well as a ***programme*** to reduce territorial disparities, representing 500m Moroccan dirham (MAD) ($55m), from 2018 to 2023.[[5]](#footnote-6)5 The government has pledged financial assistance to water and electricity consumers for the payment of arrears.[[6]](#footnote-7)6

However, the ***plan*** has not satisfied protesters and the government has started to respond forcefully to the unrest. Protesters organised another demonstration in Jerada on 12 March, following the arrest of four young **Hirak** movement leaders on 10 and 11 March.[[7]](#footnote-8)7 . The arrest exacerbated growing tensions and is encouraging the movement to expand the scope of the protests outside of the city.[[8]](#footnote-9)8 This has raised fears of a national spill-over similar to protests in the north (**Rif Region**) that followed the death of a fish merchant in October 2016 (see *ARC Briefing Morocco November 2016*) and in the south in October 2017, after ***agricultural*** overexploitation caused water shortages.[[9]](#footnote-10)9 A government warning to protesters on 13 March that the interior ministry has the right to ban demonstrations and to respond forcefully to any irresponsible behaviour has heightened the risk of further instability.[[10]](#footnote-11)10

The discontent in the marginalised regions of the country is expected to continue. The growing economic dynamism of the **Atlantic Tangiers**-**Rabat**-**Casablanca** axis only serves to highlight the regional inequalities in a context of high youth unemployment.[[11]](#footnote-12)11

**Coalition parties sign charter to reduce growing dissent within ruling coalition...**

The five parties of the ruling coalition signed the *'Charte de la Majorité'* (charter of the majority) on 19 February in order to strengthen the government.[[12]](#footnote-13)12 The general secretaries of the **Rassemblement National des Indépendants (RNI)**, the **Mouvement Populaire (MP)**, the **Parti du Progrés et du Socialisme (PPS)**, the **Union Socialiste des Forces Populaires (USFP)**, as well as the **Parti de la Justice et du Développement (PJD)** signed the document.[[13]](#footnote-14)13 The charter is expected to improve relations within the government, which is regularly divided by ideological divergences. The charter was drawn up under the administration of the former prime minister, **Abdelilah Benkirane**, and was meant to be signed during the nomination of the current prime minister, **Saadeddine El Othmani**, in March 2017.[[14]](#footnote-15)14 However, the initiative failed due to a crisis between Benkirane, the current minister of ***agriculture***, **Aziz Akhannouch**; and **Driss Lachgar**, general secretary of the USFP.[[15]](#footnote-16)15

The charter establishes the ministers' commitment to coordinate during the elaboration of their policies.[[16]](#footnote-17)16 It also gives an official character to the meetings of the representatives of the majority coalition, in order to promote discussion and reach consensus.[[17]](#footnote-18)17 However, party rivalry remains high as the different political factions enter the 2021 legislative election race. Prime minister El Othmani ended rumours about anticipated legislative elections, in a meeting on 11 March of the executive committee for elected officials of his PJD party.[[18]](#footnote-19)18 The rumours had intensified following the last political and media comments of RNI president **Aziz Akhanouch**, interpreted as a signal of early campaign.[[19]](#footnote-20)19 Akhanouch accused opponents of the PJD of spreading those rumours as a strategy to oust the RNI from power.

Akhannouch presented the RNI's ***programme*** on 24 February, ending a year-long regional tour to promote the RNI and showing Akhannouch's ambition for his party in the context of the 2021 legislative elections.[[20]](#footnote-21)20 Akhannouch presented the RNI's model of national development, which King **Mohammed VI** (1999-present) had questioned before parliament on 13 October.[[21]](#footnote-22)21 The RNI proposes to increase provision of compulsory education in rural areas and to promote professional training in universities.[[22]](#footnote-23)22 The RNI also promised the creation of two million jobs by 2025 through the promotion of the private sector, the support of the service industry and youth training, and promoting entrepreneurship.[[23]](#footnote-24)23 Akkhanouch highlighted the necessity of re-establishing investors' confidence in Morocco's business climate through continuing the reform of the **Centres Regionaux d' Investissement** (regional investment centres) and by strengthening production and logistics infrastructure.[[24]](#footnote-25)24 He also assured the RNI's promotion of a family health ***plan*** system to reduce pressure on hospitals and deliver health services closer to home.[[25]](#footnote-26)25

**Diplomatic campaign to rally support ahead of new round of talks ...**

Prime minister Saad Eddine El Othmani co-presided on 12 March the seventh session of the high **Qatari** Moroccan commission, leading to the signing of 11 agreements and protocol agreements.[[26]](#footnote-27)26 These concerned multiple sectors, such as ***agriculture***, trade, transport, finance, education, media, youth and craftsmanship.[[27]](#footnote-28)27 The Qatari government reiterated its support for the Moroccan autonomy proposition, ahead of the presentation of the report of **United Nations (UN)** general secretary **Antonio Guterres** on the **Western Sahara**.[[28]](#footnote-29)28 The Qatari delegation congratulated King Mohammed VI for his role in reinforcing the basis of sustainable development in **Africa**.[[29]](#footnote-30)29

A Moroccan delegation went to **Lisbon (Portugal)** on 6 March for discussions with **Horst Kohler**, personal envoy of the UN general secretary for the Western Sahara.[[30]](#footnote-31)30 The foreign affairs ministry described the bilateral meeting as Morocco's constant cooperation with the UN in order to find a definitive political solution to the Saharan problem.[[31]](#footnote-32)31 The delegation, headed by foreign affair minister **Nasser Bourita**, also included **Omar Hilale**, permanent representative of Morocco at the UN; **Sidi Hamdi Ould Errachid**, president of the **Laayoune-Sakia El Hamra** region; and **Ynja Khatta**, president of the **Dakhla-Oued Eddahab** region.[[32]](#footnote-33)32 The discussions follow Morocco's active diplomatic campaign to turn the situation to its advantage by positioning itself as willing to cooperate, while the **République arabe sahraouie démocratique (RASD) (Sahrawi Arab Democratic Republic)** has been adopting a more aggressive stance, with the occupation of the demilitarised zone of **Guerguerat** since 3 January.[[33]](#footnote-34)33**Zambian** foreign affairs minister **Joseph Malanji** reaffirmed on 1 March his country's decision in July 2016 to withdraw its recognition of the RASD.[[34]](#footnote-35)34 Malanji said Zambia would support the UN-led political process to resolve the regional issue, but would remain neutral.[[35]](#footnote-36)35 Morocco's relationship with Zambia has improved dramatically since Mohammed VI's visit to **Lusaka** in 2017.

**... as ECJ rules against Morocco on fishing agreement**

The **European Court of Justice** ruled on 27 February on the fishing agreement between the **European Union** and Morocco, stating that it was not applicable to the waters adjacent to the disputed region of Western Sahara, as it does not respect the right to self-determination.[[36]](#footnote-37)36 A **British** court had brought the matter to the attention of the ECJ in September 2017, following an appeal by the **Western Sahara Campaign (WSC)**[[37]](#footnote-38)37 The high representative of the EU for foreign affairs and vice president of the commission, **Federica Mogherini**, and the Moroccan foreign affairs and international cooperation minister, **Nasser Bourita**, issued a statement reiterating their determination to preserve their cooperation in the fisheries sector.[[38]](#footnote-39)38

**Industrial exports drive a positive economic outlook for 2018 ...**

The **Office des changes** (exchange office) published official data for January 2018 on 16 February, showing a 4% increase in the trade deficit by the end of January.[[39]](#footnote-40)39 This growth represents MAD15.47 billion ($1.7 billion) against MAD14.87 billion ($1.6 billion) during the same period in 2017.[[40]](#footnote-41)40 Imports reached MAD35.85 billion ($3.9 billion), growing by 3.6% while exports grew by 3.2%, reaching MAD20.38 billion ($2.2 billion), making the coverage rate of imports by exports 56.8% in January 2018, against 57% in 2017.[[41]](#footnote-42)41 Food products grew by 31.8% and energy products by 7% while crude products imports dropped by 2.9%.[[42]](#footnote-43)42 The aeronautic sector led with 14.8% growth in exports, followed by phosphates and derived products at 13.9%, pharmaceuticals by 3% and textiles and leather at 1.3%.[[43]](#footnote-44)43 Foreign direct investments grew by more than 25% at the end of January at MAD1.88 billion ($205m), compared to MAD1.5 billion ($164m) in January 2017.[[44]](#footnote-45)44 Remittances increased by 21.1%, representing MAD5.7 billion ($622m).[[45]](#footnote-46)45

Despite the growing trade deficit beginning of 2018, the **Oxford Business Group (OBG)** report for Morocco, published on 1 March, highlights positive economic growth, driven by industrial sector growth estimated at 14% -23%, by 2020.[[46]](#footnote-47)46 The study shows that the automotive and aeronautic sectors, as well as mining and agro-industrial activities, should post a positive performance, partly due to low labour costs, as well as the country's ***strategic*** location close to Europe, making it an ideal foreign investment destination.[[47]](#footnote-48)47 The OBG underlined that ***agriculture*** remains a key pillar of Morocco's economy, employing close to half the active population and contributing to 15% of its GDP.[[48]](#footnote-49)48 The OBG projects GDP growth to reach 3% in 2018, and maintains that the launch of different industrial ecosystems and **Zones économiques spéciales (ZES**) (special economic zones) promoted diversification and regionalised investment, increasing foreign direct investment for the first time in two years.[[49]](#footnote-50)49

The strong performance of energy production in 2017 is also likely to attract more investment in the sector in 2018 through growing investor confidence. The **Direction des Etudes et des Prévisions Financières (DEPF)** (board of financial studies and forecasts), shared on 21 February the results of national energy production in 2017.[[50]](#footnote-51)50 The study shows that national production of electrical energy grew by 3.4% end of 2017, compared to 3.1% in 2016.[[51]](#footnote-52)51 The growth was driven by a steady production from the ONEE at 3.4% and from the private sector growing at 2.4%.[[52]](#footnote-53)52 Added to a growth of the volume of electrical energy imports at 14.5 %, net electricity registered 5.1% growth in 2017, against 2.9% in 2016.[[53]](#footnote-54)53 Electrical energy consumption grew faster at 4.5% in 2017 than in 2016 at 1.9%, representing its strongest performance during the past five years.[[54]](#footnote-55)54 This is attributed to the strengthening of sales of very high, high and medium tension energy increasing by 5% against 1.2% in 2016.[[55]](#footnote-56)55

**... as Moroccan companies in key sectors share solid 2017 performance**

Several Moroccan companies have published financial statements for the 2017 financial year showing positive performance. Morocco-based **Attijariwafa Bank** published its results for 2017 on 26 February. The growth of the group's consolidated net results was driven by the organic growth of all sectors' activities and by the consolidation of the bank's presence in **Egypt**.[[56]](#footnote-57)56 The activities of the bank in **Morocco, Europe and offshore Tangiers (BMET)** registered 14.7% growth, while the specialised financing companies grew by 1.3% and the international retail banking grew by 45.2%.[[57]](#footnote-58)57 Net consolidated results for the Attijariwafa Bank group reached MAD6.6 billion ($716m) in 2017, representing a 16.5% increase compared to 2016.[[58]](#footnote-59)58 The net banking income amounted to MAD21.6 billion ($2.3 billion), growing by 10% and the gross operating income reached MAD11.7 billion ($1.3 billion), posting 10.8% growth.[[59]](#footnote-60)59 The group's robust financial results were supported by an increase of MAD3.4 billion ($369m) in shareholders' equity, reaching MAD50.8 billion ($5.5 billion), posting a 7.2% growth against the previous year. In total the group registered a 10.9% growth to attain MAD475.7 billion ($51.6 billion).[[60]](#footnote-61)60

**Taqa Morocco**, the first private electricity ***producer*** in Morocco, presented its results for 2017 on 8 March.[[61]](#footnote-62)61 It attributes its good performance to six efficient production units, four of which show availability rates reaching 93.2%.[[62]](#footnote-63)62 During 2017, operating income remained stable at MAD2.57 billion ($279.3m), thanks to optimisation effort of exploitation charges and to the evolution of international coal prices, although this effect was neutralised by the drop of the dollar against the Moroccan dirham.[[63]](#footnote-64)63 The company will distribute a dividend of MAD40 ($4.3) per share, representing 8% growth, and a share performance of 4%.[[64]](#footnote-65)64 With 15,407 GWh capacity in the electric network in 2017, Taqa Morocco ensures 50% of the national production and responds to 42% of the demand, which grew by 4.5% in the past year.[[65]](#footnote-66)65 However, with the opening of the ONEE's electric central in **Safi**, Taqa is expected to see its market share reduce.[[66]](#footnote-67)66

**Maroc Telecom** announced its consolidated results for 2017 on 19 February, showing growth of 4.4% compared to the previous year and reaching MAD5.87 billion ($641m).[[67]](#footnote-68)67 Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 1.5% to reach MAD17.16 billion ($1.9 billion), while revenues amounted to MAD34.96 billion ($3.8 billion), decreasing by 0.8%.[[68]](#footnote-69)68 The group was able to widen its customer base by adding approximately 57 million new customers, and investments reached 23% of the group's revenue.[[69]](#footnote-70)69 CEO **Abdeslam Ahizoune** attributed the good performance to its ability to anticipate market evolution, as well as an efficient investment policy for its African subsidiaries and its focus on research and development.[[70]](#footnote-71)70

**Planner**

2021: Expiry of the **Algeria-Europe** convention supplying Algerian gas via **Maghreb Europe Gazoduc** (GME);

2021: Legislative, regional and local elections;

2019: Election of president of **Chambre des Représentants** (house of representatives, lower house of parliament);

Oct 2018: Election of president of **Chambre des Conseillers** (house of councilors, upper house of parliament)

**Chronology**

13 Mar 2018, **(Morocco)***TSA*: The government warns protesters, threatening to forbid a demonstration and respond forcefully to any provocation;

12 Mar 2018, **(Morocco)***L'Expression*: The **Hirak** movement organises a march following the arrest of four of its leaders and announces its ambition to expand the movement outside of the city;

12 Mar 2018, **(Morocco)***Telquel:* Prime minister **Saad Eddine El Othmani** co-presides the seventh session of the high **Qatari** Moroccan commission;

11 Mar 2018, **(Morocco)***Telquel*: Prime minister El Othmani ends on-going rumours about anticipated legislative elections;

1 Mar 2018, **(Morocco)***Le 360*: **Oxford Business Group (OBG)** publishes its Morocco report for 2018, highlighting positive economic growth driven by the industrial sector, estimated at 14% -23% by 2020.

27 Feb 2018, **(Morocco)***Jeune Afrique*: The **European Court of Justice** rules that the fishing agreement between the **European Union** and Morocco is not applicable to the waters adjacent to the disputed region of **Western Sahara**;

21 Feb 2018, **(Morocco)***Aujourd'hui***: The Direction des Etudes et des Prévisions Financières (DEPF)** (board of financial studies and forecast) 2017 national energy production results show that national electrical energy production grew by 3.4% end of 2017;

19 Feb 2018, **(Morocco)***Jeune Afrique*: Ruling coalition parties **Rassemblement National des Indépendants (RNI), Mouvement Populaire (MP)**, **Parti du Progrés et du Socialisme (PPS), Union Socialiste des forces populaires (USFP)**, and the **Parti de la Justice et du Developpement (PJD)** sign 'Charte de la Majorité';

16 Feb 2018, **(Morocco)***Les Eco*: L'**Office des changes** (exchange office) publishes January 2018 data showing trade deficit increased by 4%;

14 Feb 2018, **(Morocco)***Aujourd'hui*: The government publishes an economic development ***plan*** **Jerada** in response to on going protests by the **Hirak** movement;

**FOOTNOTES**

**Load-Date:** August 23, 2018

**End of Document**



[***PTT eyes $4bn spend; Thailand's flagship petrochemical group plans large investment as part of country's economic diversification programme which aims to expand downstream into more sophisticated sectors***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PW6-F4V1-DYX4-72JF-00000-00&context=1516831)

ICIS Chemical Business

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**Body**

Picture - credit

PTTGC

PTT Global Chemical (PTTGC) is prepared to invest around $4bn in industries that support the Thailand government’s Eastern Economic Corridor (EEC) project over the next five years.

The investments by the petrochemical flagship company of Thai oil and gas giant PTT should help spur private sector participation in the initiative. “Total investments in the EEC, to move towards the new industries in line with the government’s Thailand 4.0 policy, are expected to be in the range of almost $4bn,” PTTGC president and CEO Supattanapong Punmeechaow told ICIS.

The $45bn EEC – which covers the provinces of Rayong, Chonburi and Chachoengsao, off the coast of the Gulf of Thailand, with a total area of 13,000 square kilometres – is expected to be “an important centre for trade, investment, regional transportation and a ***strategic*** gateway to Asia”, according to the country’s Bureau of Investments (BOI).

The EEC is envisioned as “a major industrial area, with a strong focus on industries where Thailand is a leading global player such as the petrochemicals industry (among the top five in Asia), and the automotive and electronics sectors”, it said. Its development is an essential component to the country’s embrace of an “innovation-driven” economic model dubbed Thailand 4.0.

Thailand, which is southeast Asia’s second-biggest economy, has gone through phases of development focus that started with ***agriculture***, to utilisation of cheap labour and local natural resources, before moving on to more complex industries, according to the BOI. Petrochemicals, with production based in Map Ta Phut in Rayong province, is one of the existing five main engines of growth for the Thai economy.

New industries that will also be the focus of development in Thailand’s latest economic model consist of robotics, aviation/logistics, biofuels/biochemical, the digital economy and medical hubs. “We aim to intensively invest in a group of projects within the next one to two years to strengthen the competitive advantage of its [the company’s] existing businesses by attracting international partners who have advanced technology to co-invest in projects with us and [by] expanding downstream product portfolios,” Supattanapong said.

Included in PTTGC’s projects in the EEC is the “Map Ta Phut Retrofit Project”, which entails construction of a new naphtha cracker with an ethylene capacity of 500,000 tonnes/year and propylene capacity of 250,000 tonnes/year.

The new cracker slated for commercial production by 2020 will help PTTG diversify its feedstock mix, which is currently dominated by gas. PTTGC has three gas crackers with a combined ethylene capacity of 1.86m tonnes/year, and one naphtha cracker with a 515,000 tonne/year capacity. “This will provide value added for our naphtha to extend [the] value chain in olefins and derivative,” the PTTGC chief said.

A final investment decision on the cracker project will be made before the year ends. Within the EEC, PTTGC is also pursuing three other major projects, two of which are in partnership with Japanese companies. PTTGC has roped in Sanyo Chemical and Toyota Tsusho for its propylene oxide (PO) and polyurethane (PU) system project. A new plant will be built to ***produce*** 200,000 tonnes/year of PO and 130,000 tonnes/year of polyols. These product lines “directly follow our long-term business strategy in the key platforms of automotive, electronics & electrical and construction” industries, Supattanapong said.

high-heat resistant PA9T

Another project involving Japanese partners is the high-heat resistant polyamide-9T (PA9T) and hydrogenated styrenic copolymer (HSBC) project to be built at the Hemaraj Industrial Estate in Rayong province. PTTGC has entered into a joint venture agreement with Kuraray and Sumitomo to conduct a feasibility study and front-end engineering design (FEED) on the project, which will use feedstock butadiene (BD) to be provided by the company to ***produce*** 13,000 tonnes/year of PA9T and 16,000 tonnes/year of HSBC. “The agreement will lead to a new joint venture company that is expected to commence operation in late 2021,” Supattanapong said.

PTTGC is also working towards operating its petrochemical business “in an environmental friendly manner”, Supattanapong said.

It has a listed subsidiary called Global Green Chemicals Public Co (GGC), which is one of the largest ***producers*** of methyl esters and the only ***producer*** of fatty alcohols in Thailand. “We, hand in hand, with GGC take part in [the] Thai government’s bioeconomy initiative, as a sub-mechanism of EEC, aiming towards expanding product portfolio in green business and building fully integrated value chain with partners in feedstock, technology and market aspects,” the PTTGC chief said.

The investments on ECC should help boost growth in Thailand’s economy. In the second quarter, the economy posted a 3.7% year-on-year growth, driven by the acceleration of exports. For the whole 2017, it is expected to post an average growth of 3.5-4.0%, according to latest data from the country’s National Economic and Social Development Board (NESB).

Meanwhile, PTTGC is also continuing its push toward expanding its presence outside of Thailand and is upbeat on the plastics industry growth prospects of the Cambodia, Laos, Myanmar and Vietnam (CLMV) markets, from which PTTGC aims to generate sales of Thai baht (Bt) 2-3bn.

The four countries are the closest neighbours of Thailand in southeast Asia. “We set a firm target within five years to expand the CLMV plastics industry in southeast Asia and AEC [ASEAN Economic Community] to 100,000m Baht (Bt100bn),” Supattanapong said, adding that growth in the CLMV markets has been “very high and attractive when compared to other regions”.

In Indonesia, however, PTTGC’s refinery and petrochemical project has remained on hold. “The government of Indonesia has changed direction in investment policies so we have decided to delay the investment; however, we will continue to sell polyolefins products into Indonesia to capture growing demand,” Supattanapong said.

In the US, PTTGC intends to tap shale opportunities by building an ethane cracker in the northeastern state of Ohio. The ***planned*** US cracker complex at Belmont County, Ohio, will have an ethylene capacity of 1m tonnes/year and will have two 350,000 tonne/year high density polyethylene (HDPE) units; will ***produce*** 500,000 tonnes/year of monoethylene glycol (MEG); and 100,000 tonnes/year of ethylene oxide (EO).

“We are considering economic viability, risk assessment, as well as other key elements on the project to ensure its readiness and compliance to our final investment decision criteria,” Supattanapong said.

PTTGC is expected to make a final decision on the US cracker investment before the end of the year. The PTTGC chief dispelled industry concerns over a possible global oversupply of ethylene amid heavy global investments in new crackers, citing delays in actual start-up of some projects and the three to six months’ period required for one to ramp up to full production.

“So the effective additional capacity will be less than ***plan*** and will be absorbed by grow[th] in demand [at] 4.0% year on year,” Supattanapong said.

Supattanapong Punmeechaow

PTTGC president and CEO

“We aim to intensively invest in a group of projects within the next one to two years”

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[***-Monsanto Chief Technology Officer Highlights Strong Demand for Latest Innovations at Farm Progress Show***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PC6-NMM1-JD3Y-Y3RB-00000-00&context=1516831)

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**Body**

ST. LOUIS & DECATUR, Ill.- In remarks scheduled today for Chief Technology Officer Robb Fraley at Farm Progress Show in Decatur, Ill., Monsanto Company (NYSE: MON) will announce that, in light of current demand, the company and its licensing partners expect to have a supply of Roundup Ready 2 Xtend soybeans for up to half of all U.S. soybean acres for the 2018 season, doubling what is planted this season.

Fraley will emphasize several business milestones today as he addresses grower groups and media attending the annual Farm Progress Show.

Roundup Ready 2 Xtend Soybeans

'We are hearing that the overwhelming majority of farmers using Monsanto's low-volatility dicamba product, XtendiMax herbicide with VaporGrip technology, this year are experiencing tremendous success. In states where we sold our dicamba product this season, we have heard some reports of leaf cupping, which can have many possible causes,' Fraley says. 'In the vast majority of situations, we have identified issues that are addressable through training and following the label instructions, and we continue to hear from many farmers that our training and education efforts helped them use the technology successfully this season.'

To date, Monsanto has directly worked with nearly 50,000 farmers and applicators at XtendiMax herbicide with VaporGrip technology learning events across the country and will continue to evolve and tailor trainings to continue to help growers use this new technology successfully. Fraley will acknowledge the ongoing discussions about in-crop use of new dicamba formulations.

'We understand that EPA is working with the states and is evaluating potential actions to facilitate enhanced training and compliance for 2018. We are communicating with the EPA, which is interested in achieving national uniformity with dicamba regulation to avoid a state patchwork,' he says. 'I've seen first-hand that the Roundup Ready 2 Xtend soybean crop is developing well and I look forward to partnering with growers through harvest.'

Fraley will underscore the milestones hit in the initial launch year of the Roundup Ready Xtend Crop System, including EPA approval for in-crop use of XtendiMax herbicide with VaporGrip technology and for numerous tank mix partners, including glyphosate, and the availability of more than 120 Roundup Ready 2 Xtend soybean varieties across all relative maturity zones, more than ten times the products compared to the Roundup Ready 2 Yield soybeans launch.

Monsanto now expects that, together with its partners, it will have supply for up to roughly half of the U.S. soybean market next year, following a season where more than 20 million acres were planted, on the way to a market opportunity of 200-250 million acres globally.

'Based on the great demand we've seen, we know farmers are looking forward to the benefits of the Roundup Ready Xtend Crop System,' he says. 'Growers have been asking for this technology for years, and we're excited to be able to provide it again in 2018.'

The Roundup Ready Xtend Crop System is designed to provide farmers with more consistent, flexible control of weeds, especially tough-to-manage and glyphosate resistant weeds, and to help maximize crop yield potential. The system includes Roundup Ready 2 Xtend soybeans, the industry's first biotech product with tolerance to dicamba and glyphosate herbicides, and Bollgard II XtendFlex, providing tolerance to three herbicides, dicamba, glyphosate and glufosinate.

The Climate Corporation

Fraley will also express confidence in the advancement of digital ***agriculture*** tools, as The Climate Corporation publicly announces seven product advancements in an industry-leading research pipeline of more than 35 projects, including key advancements in fertility and seed scripting, as well as corn disease diagnosis. Key enhancements, to be announced in detail later today, will enable more farmers to experience the value of the Climate FieldViewTM platform.

'The Climate team has several robust research initiatives underway, and we continue investing heavily in accelerating the speed of innovation to bring farmers more advanced insights more quickly,' Fraley notes. 'Our R&D innovation spans our entire organization, including science, technology, engineering and analytics. By expanding our science-backed, data-driven analytics capabilities and applying them to our growing streams of field data, we continue to discover never-before-seen insights that advance FieldView for farmers.'

For more information and the full news release on Climate FieldViewTM, visit [*www.climate.com*](http://www.climate.com).

NemaStrike TM Technology

Fraley also predicts that future advances in ***agriculture*** may come from the control of the invisible, as evidenced by the company's breakthrough product in nematode control, NemaStrikeTM Technology. Monsanto now offers NemaStrikeTM Technology by Acceleron Seed Applied Solutions as a game-changing solution to control the invasive nematode problem causing greater than 10 percent yield loss in corn, soybeans and cotton. As a broad-spectrum nematicide, NemaStrike Technology is designed to strike in the root zone where nematodes attack while providing consistent yield protection. This technology stands apart as a means to protect yield.

'The launch of NemaStrike Technology is exciting because the technology provides broad-spectrum control of plant parasitic nematodes in corn, soybeans, and cotton,' Fraley says. 'Today, many growers underestimate the severe impact nematodes have on yield and overall crop health. NemaStrike Technology addresses this important unmet need.'

For more information on Farm Progress Show conversations and engagements, follow the conversation on Twitter at @RobbFraley or @MonsantoCo, #FPS17.

About Monsanto Company

Monsanto is committed to bringing a broad range of solutions to help nourish our growing world. We ***produce*** seeds for fruits, vegetables and key crops - such as corn, soybeans, and cotton - that help farmers have better harvests while using water and other important resources more efficiently. We work to find sustainable solutions for soil health, help farmers use data to improve farming practices and conserve natural resources, and provide crop protection products to minimize damage from pests and disease. Through ***programs*** and partnerships, we collaborate with farmers, researchers, nonprofit organizations, universities and others to help tackle some of the world's biggest challenges. To learn more about Monsanto, our commitments and our more than 20,000 dedicated employees, please visit monsanto.com. Follow our business on Twitter at twitter.com/MonsantoCo.

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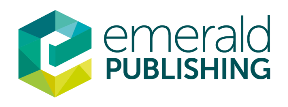


[***A method for designing strategy maps using DEMATEL and linear programming***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5V6X-0HW1-JB00-30PG-00000-00&context=1516831)

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**Body**

**ABSTRACT**

Purpose

The purpose of this paper is to propose a quantitative methodology for the identification of the causal relationships between ***strategic*** objectives in a strategy map of a balanced scorecard. This is done to face the possible weaknesses described in the literature regarding the causal links and the difficulty in validating the relationships.

Design/methodology/approach

The proposed method combines the multi-criteria decision-making method called decision-making trial and evaluation laboratory (DEMATEL) and an optimization model. DEMATEL is used to establish the importance of the ***strategic*** relations between ***strategic*** objectives, and the optimization model is used to find the relations that are more “important” and should be included in the strategy map. The method was created by reviewing the existing literature, modeling the problem, and applying it in a company.

Findings

The most important results of applying this methodological design include that the proposed method maintains the BSC classical structure; it also enables the generation of several alternatives to support the decision-making process in terms of ***strategic*** objectives for a better organizational performance.

Practical implications

The method facilitates the decision-making process by presenting several alternatives of strategy maps according to different levels of organizational criteria. In fact, these alternatives help the organization in focusing on the most important aspects of the strategy map. Consequently, managers may identify where to pay more attention and resources in order to achieve the most important objectives of the company. Hence, this method, as a support for decision makers, enables (and requires) the active participation of senior managers and any kind of decision makers in creating and valuating objectives, relations, constraints, importance, and parameters of the optimization model.

Originality/value

DEMATEL has been used to design strategy maps. The contribution of the paper is the use of a linear ***programming*** model to select those relationships that should be included in the strategy map. It allows manager to focus on those ***strategic*** elements that are important from a ***strategic*** point of view. The application in a company showed that the contribution is not only theoretical but practical as well.

**1. Introduction**

The balanced scorecard – BSC – (Atkinson, 2006; Cao et al., 2015; Kaplan and Norton, 2001a, b; Olson and Slater, 2002) is a methodology associated with ***planning*** and organization management. Its main goal is to support organizations to convert or translate their mission and strategy into indicators that facilitate the analysis of results and make decisions according to the management control system. The implementation of a BSC requires clarity on the expected short-, medium-, and long-term achievements. This implies establishing, acknowledging, and prioritizing the organization’s ***strategic*** objectives (Quezada et al., 2009). Several authors (Gomes et al., 2004; Marr, 2005; Neely, 2005; Wilkes, 2005; Othman, 2006; Barad and Dror, 2008; Lucianetti, 2010; Nudurupati et al., 2011; Rompho, 2012; Wudhikarn, 2016) have pointed out that the BSC has become very popular among researchers, professionals, directors, and managers and also has brought much attention in the specific literature about the issue of measurement and performance, and refers to the advantages in terms of organizational performance that several business have had in using BSC methodology.

In general terms, BSC includes financial and nonfinancial variables associated with ***strategic*** objectives to measure the company’s improvement. That is to say, BSC helps define indicators for each of the ***strategic*** objectives, which generally can be grouped under some of the four following perspectives or clusters:Financial perspective focuses on maximizing the utility or shareholders’ profit. It has all the financial measurements of investments return, cash flow, etc.Customer perspective focuses on how the client or customer observes the organization and the client’s need that the organization is able to satisfy, in such a way that the company manages to reach its financial objectives. This perspective involves measurements such as the client’s satisfaction rate, purchase processes, and loyalty.Internal processes perspective focuses on enhancing key organizational processes that may impact the levels of investors’ and client’s satisfaction; therefore, they may have an influence on financial objectives. This perspective shows the development, maintenance, and improvement in the performance of the business processes.Learning and growth perspective focuses on strategies related to the improvement of infrastructure, technology, training, and employee’s satisfaction. In doing so, the company may have an impact on key business processes. This perspective contains measures such as training and development, employee satisfaction and commitment, developing a set of skills, etc.

The perspectives previously described are interrelated in a cause-effect relationship, given that each one has a specific objective whose fulfillment will contribute to the company’s value generation. The interrelation starts with the learning and growth perspective as causal perspective and ends with the financial perspective as effect perspective, passing through the other two perspectives (customers and internal processes). Furthermore, each perspective must be aligned with the organization’s mission.

It is important to highlight that to construct a BSC, a strategy map (Kaplan and Norton, 2004) is required, which describes and enables communicating the strategy and the disaggregation of its vision, in, at least, the four perspectives. The strategy map is a logic tool that allows showing each of the ***strategic*** objectives and the cause-effect relation between these objectives for each perspective. Therefore, it is a graphic representation that makes explicit the implementation of the BSC. This map is usually represented as a network where the nodes represent the ***strategic*** objectives and the directed arcs represent the relationships. This logic tool enables defining indicators and action ***plans*** to implement and, consequently, achieve the objectives. Nevertheless, it is significant to point out that each strategy map should be developed, adapted, and adjusted to the specific situation of the organization (Achterbergh, et al., 2003; Chytas et al., 2011). In this respect, Basuony (2014) states that there is no one BSC that fits all; therefore, BSCs should be used to stimulate thinking about relative measures in the critical success factors of any business. Consequently, a strategy map supports the knowledge of the management process (Free and Qu, 2011; Rompho, 2012). It can also be used as a tool to help managers analyze and study their performance and management of the organization.

It is important to emphasize again that the ***strategic*** objectives are specific for each organization. This can be observed looking at the various articles and books authored by Kaplan and Norton. The interested reader can read for example Kaplan and Norton (2001a, b, 2004). This also can be seen in the cases presented in the literature, such as Valmohammadi and Sofiyabadi (2015), Wu (2012), Huang et al. (2011), and Jassbi et al. (2011). Details about the way to define ***strategic*** objectives can be found in the paper by Quezada et al. (2009).

BSC methodology has often been criticized. First, there is no formal and objective definition of “causality relationship.” This implies that causal relationships are defined by context and subject to different interpretations (Norreklit, 2000, 2003; Ahn, 2001; Malina et al., 2007; Kunc, 2008; Bessire and Baker, 2005). Second, BSC indicates that all the objectives are weighted equally. This situation is not necessarily applicable in real contexts (Chytas et al., 2011). Third, Othman (2006) and Buytendjik also criticize that BSC forgets the temporal dynamic of the ***strategic*** decisions in the strategy map; therefore, it is not helpful for the decision-making process and its corresponding assessment of organizational performance. Fourth, although both Kaplan and Norton (2004) have stated the importance and convenience of strategy maps in organizations, the form of construction has not been a widely discussed topic in the literature, including the selection of indicators among all the possible “relevant” ones that can exist for an organization (Quezada and López-Ospina, 2014).

Considering the fourth criticism of BSC methodology, it is important to highlight that there have been efforts in formulating qualitative and quantitative models for developing strategy maps. For instance, Kunc (2008) proposes a qualitative method for the identification of cause-effect relationships, based on systems thinking and the idea of causal loop diagrams. Thakkar et al. (2006) suggest a model based on a group-learning process methodology called interpretive structural modeling (see, e.g. Bolanos et al., 2005) that defines the connections among the ***strategic*** objectives by identifying and summarizing relationships between specific items, which define an issue or a problem. However, the proposal does not consider the weightings between relationships.

In another line of contributions, Bigliardi and Bottani (2010), Bigliardi and Dormio (2010) seek to propose theoretical models of BSC for specific real contexts (i.e. food supply chain in Italy and research and development functional area in companies). In doing so, they aim to validate their performance measures by a careful literature review, followed by a Delphi method to validate those “theoretical” indicators by asking to experts in a series of rounds about the indicators and receiving feedback until a convergence is achieved, and then, to validate the resultant model in real case studies (for other studies regarding the validation of performance measures see Biazzo and Garengo, 2012). These studies, however, approach the need of establishing guidelines for validating performance measures in real contexts without proposing a method for overcome those previous criticisms that are itself within BSC methodology.

Other researchers have used multi-criteria methods to support the decision-making process within the context of BSC. In particular, Tseng (2010) and Jassbi et al. (2011) use decision-making trial and evaluation laboratory (DEMATEL; Gabus and Fontela, 1972, Fontela and Gabus, 1974, 1976; Chen et al., 2011; Lee et al., 2011, Li et al., 2014; Chen, 2015; Guo et al., 2015) for the construction of the strategy map, dividing the ***strategic*** objectives in two groups: the group of “objectives cause” and the group of “objectives effect.” However, there is not an in-depth analysis about the existent relations between them. Wu (2012) raises a similar model that takes into account the type of relationship (causal or effect) between the different objectives. Wu suggests the use of the DEMATEL method to identify complex causal relationships between central indicators and to prioritize them effectively within the strategy map. The resulting map was twisted and difficult to apply or understand in real contexts because it does not respect the logic associated with strategy map and BSC methodology (e.g. circular relationships, objectives that are not causes of any other objective in perspectives such as internal processes and customers, top-down relationships).

The main objective of DEMATEL is to convert, visualize, and quantify the relations between criteria of each problem in a causal way (Jassbi et al., 2011). The main hypothesis is that all criteria of a system, direct or indirectly, are mutually related, obtaining that any variation in a criterion influences all the others (Büyüközkan and Çifçi, 2012; Baykasoğlu et al., 2013; Falatoonitoosi et al., 2012; Chen et al., 2011). This hypothesis is very convenient to create strategy maps, because the output of DEMATEL is a causality diagram. Therefore, this methodology can translate cause-effect relations of the criteria into a structurally intelligible and quantifiable model of the system. This method has been successfully applied in many fields and purposes within the BSC methodology, such as the creation of marketing and safety strategies (Chiu et al., 2006; Liou et al., 2007). Furthermore, it has helped to develop the global management skills (Wu and Lee, 2007) and an investment analysis in a socially responsible way, among other contributions.

Additionally, Quezada and López-Ospina (2014) use the analytic hierarchy process (AHP) methodology to determine and prioritize the central objectives, adding a multi-objective linear optimization model that minimizes the existing number of connections, maintaining those that are significantly more important, simplifying the structure of the resulting map, and facilitating its possible display for the construction of a BSC. Although well-intentioned theoretical and practical results were obtained, the use of AHP limits the direction of the connections in the final configuration of the strategy map, ***producing*** as a result links only between objectives of contiguous perspectives.

In this respect, this paper can be seen as an extension of the described ideas in the optimization model of Quezada and López-Ospina (2014) and the use of DEMATEL method for the formulation of Wu’s (2012) strategy map. In particular, we propose to improve both Wu’s (2012) and Quezada and López-Ospina’s (2014) works by using DEMATEL as Wu’s proposal however, considering the BSC logic, seeking for strategy maps that have sense in real contexts. Furthermore, this proposal improves previous formulations by using an optimization model to overcome the limitations of AHP of having connections only between contiguous perspectives. Therefore, the main contribution of this paper is that it proposes a method that uses the better of the two mentioned papers and that does not have the limitations of them. It utilizes DEMATEL, which allows network-type relationships; it is very simple to understand and use by managers, and allows a much deeper analysis. Moreover, a linear ***programming*** model is ***produced*** to consider only connections that are relevant.

In addition to the integration of the aforementioned papers’ developments, it is worth emphasizing that, in our work, new constraints in the optimization model are included. This inclusion is based on the matrix’s comparison properties between ***strategic*** objectives that have been obtained as a result of the DEMATEL method’s decision-making procedures.

Considering the advantages of the BSC and strategy maps, this paper proposes a quantitative methodology for identifying the causality relations among ***strategic*** objectives to improve the possible weaknesses described previously regarding the causal links and the difficulty in validating the relations. This methodology combines the multi-criteria decision-making method called DEMATEL and an optimization model. Here, DEMATEL is used to establish the importance of the ***strategic*** relations between ***strategic*** objectives, and the optimization model is used to find the relations that are more “important” and should be included in the strategy map. The most important results of applying this proposal include that the proposed method maintains the BSC classical structure; it also enables generating several alternatives to support the decision-making process in terms of ***strategic*** objectives for better organizational performances. This implies active participation and validation of our design and outputs by the different agents that influence the organizational management.

The document is organized as follows. In Section 2, the basic elements of DEMATEL are presented, as well as its use in formulating strategy maps and BSC. It also describes the linear ***programming*** model to select causal relationships. Section 3 shows the application of the proposed method in a manufacturing firm. In describing the application, our focus is on presenting the methodology to build strategy map in a real context and highlight some reflections of this methodology from it. Finally, the conclusions and remarks section is presented.

**2. The method**

This section presents the strategy proposed to overcome the gap described previously as integration between the DEMATEL method and a linear ***programming*** model to design strategy maps in organizations.

**2.1 How the DEMATEL method works**

The DEMATEL method is used to build relationships between factors (***strategic*** objectives) to ***produce*** an impact-relation map (IRM). The advantage of the IRM is that it considers both the direct impact and indirect impact of the factors. The method applied by Wu (2012) to the construction of strategy maps can be described in four steps, as follows.

Step 1: calculate the initial matrix by scores (A):(1)A=[aij]j=1,…ni=1..,naij is the direct influence of i on factor j ∀i, j, n is the number of factors.

The influence Matrix A (the values of aij) includes all the possible direct relationships between ***strategic*** objectives. An entrance of 0 means that one objective does not affect other objective (no direct influence), while an entrance of 4 means maximum effect (very high direct influence).

Step 2: calculate the initial influence matrix (X):(2)X=sxA(3)s=min[1maxi∑j=1n|aij|,1maxj∑i=1n|aij|]where s is normalized weight factor.

Step 3: calculate the full direct/indirect influence matrix (T):(4)T=X(I−X)−1=[tij]j=1,...,ni=1..,n(5)Ri=∑j=1ntij=sumofrowi(6)Cj=∑i=1ntij=sumofcolumnj

The resulting matrix T includes all the direct impact and indirect impact between ***strategic*** objectives. The elements of T (tij) define the level of importance of that relation (from objective i to objective j) in comparison to all possible relations between objectives.

Step 4: set a threshold value and obtain the IRM.

A threshold value is defined and matrix T entries lower or equal to that value is set to 0. The IRM is built with those entries that are positive.

A caveat in this step is that in this study we propose to use an optimization model to choose the most important relationships for the organization in the design of the strategy map. This could be seen as an extension of the Wu proposal. It is worthwhile to point out that the optimization model seeks to achieve the different conditions that are immersed in strategy map structure according to Kaplan and Norton (2004). In doing so, we overcome the aforementioned criticism regarding several models that have used DEMATEL and the threshold (Wu, 2012; Jassbi et al., 2011) without taking into account the classical BSC structure.

Furthermore, according to the work presented by Wu (2012), in the matrix T, the sum of the columns (C) and the sum of the rows (R) define a level of influence and a level of relation for each objective in the following way: the value (C+R) shows the level or grade of importance (as cause or effect). In another way, the value of (C−R) shows the “severity of influence.”

If (Ci−Ri) is positive, then the objective i is a “cause factor.”

If (Ci−Ri) is negative, then the objective i is an “effect factor.”

The previous description allows analyzing the objectives in an aggregated mode and dividing them in two categories: “cause” and “effect.” Nevertheless, strategy maps have objectives that cannot be categorized in only one group: they can be cause and effect simultaneously. For instance, an objective that belongs to the customer perspective must be “cause” of at least one objective (it can be from financial or customer perspectives) and, it must be “effect” of at least one objective (it can be from internal processes or learning and growth perspectives). Thus, in this study, we do not propose the aggregated analysis of objectives. Instead, we use the data obtained from the matrix T from step 3 to weight the relations in the design of the strategy map.

As a summary of previous description, some authors, such as Jassbi et al. (2011) and Wu (2012), have derived the strategy map directly from the IRM. However, it has two drawbacks:A threshold value is needed to select the relationships.The resulting IRM may not be a valid strategy map. This is because the chain of ***strategic*** objectives may not necessarily be logical.

**2.2 The linear *programming* model**

A strategy map of a BSC, in the standard form defined by Kaplan and Norton (2004), considers four perspectives, each one having ***strategic*** objectives. In this paper, this structure is implemented, even though the model can be adapted to other situations. We denote the perspectives as follows:

P1: Financial

P2: Customer

P3: Internal Processes

P4: Learning and Growth

A binary parameter (zij) is used, which indicates if a relationship is feasible or not. It is defined as follows.

Let i and j be indices associated with the nodes of the network:(7)Ifi=jthenzij=0(8)Ifi∈P1andj∈P2orP3orP4thenzij=0(9)Ifi∈P2andj∈P3orP4thenzij=0(10)Ifi∈P3andj∈P4thenzij=0(11)Inallothercaseszij=1

The parameter zij is used to guarantee that only valid relationships may be selected.

Additional conditions may be added.

**Parameters**

The main input of the linear ***programming*** model is the direct-indirect influence matrix T.

Let:

tij is the level of importance for the relation between objectives:

direct and indirect influence of ***strategic*** objective i over ***strategic*** objective jzij={0iftherelationshipitojisselected1otherwise

∝nm is the minimum percentage of importance in selected relations between perspectives n and m.

g is the minimum global percentage of importance associated with selected relations in the whole strategy map.

**Decision variables**

(12)

yij={1iftherelationshipitojisselected0otherwise

**Constraints**

Feasibility: only valid relationships are accepted:(13)yijzij∀i,j.

Note that when i=j, zij=0, which means that circular relationships are not feasible. These constraints guarantee the logic of feasible relations within a strategy map. This is one of the criticisms made regarding the method of Wu (2012), for in that study, relationships that do not comply with the BSC structure are included (see Figure 7, p. 314).

Connections from an objective: each ***strategic*** objective must affect at least one of any other objective of the strategy map:(14)∑jykj1∀k∈KK is the set of all other nodes of the network.

Connection to an objective: each ***strategic*** objective must be affected by at least one objective of the strategy map:(15)∑iyik1∀k∈K

K is the set of all other nodes of the network.

Minimum percentage of importance in connections going from one perspective to another: this type of constraint forces the model to select a minimum number of relationships between perspectives. According to the existing literature on BSC, most of the relationships go from Learning and Growth perspective to Internal Processes perspective, from Internal Processes perspective to Customer perspective, and from Customer perspective to Financial Perspective:(16)∑i∈Pm∑j∈Pntijyij∝nm∑i∈Pm∑j∈Pntij∀n∀m

Minimum global importance: the selected relationships must account for at least a minimum level of importance:(17)∑ijtijyijg∑ijtijzij

If objective i is the cause of objective j, then j cannot be the cause of i or vice versa:(18)yij+yji1∀i,j

**Objective function**

The objective of the model is to reduce the number of relationships of the strategy map:(19)Minimize∑ijyij

Given that the problem solution (13)-(19) depends on the parameters ∝nm and g, it is suggested that in each application of the model, several values of these parameters may be analyzed to examine the robustness and, at the same time, to give multiple alternatives of strategy map for the organization. In the examples that are shown in the next section, we incorporate different variations of these parameters.

**A remark on the model**

It is assumed that all the ***strategic*** objectives are important, so the method is not intended to help in identifying non-relevant objectives that could be eliminated. However, this could be done in the following way. When DEMATEL is used, the “unimportant” relationships could be eliminated by defining a threshold value (Ou Yang et al., 2008). A relationship is considered “important” when its value is equal or higher than the threshold value. In the proposed method, the same criteria could be used to the final strategy map. In this way, if a ***strategic*** objective becomes isolated (without connections), then its elimination from the map should be considered. The drawback of this procedure is that it requires the definition of a threshold value, which is something that we want to avoid (for the reasons previously presented).

**3. A practical example**

This section explains and illustrates the proposed method in a particular enterprise with real data. In doing so, our focus is on the use of DEMATEL and optimization model to support decision making about strategy maps in a real context. The performance measures proposed here are useful for the firm that participates in the study and help to describe the proposed method.

It is important to mention that the focus of this work is the building of a methodology for creating a strategy map and not building a strategy map for this company. For this reason, it is not possible to make a generalization about the strategy map obtained or about the measures defined in the application. Generalizations about the performance measures obtained for this firm to other manufacturing firms or validations of these measures with a theoretical model of indicators are beyond of the scope of this paper.

One of the authors of this study was in charge of the process of formulating a strategy for the company. The company was also interested in designing and implementing a BSC. The whole process is still under development. The firm is similar to others in terms of the implementation of the strategy formulation process, so in our experience, it could be considered as typical in the way that the same process could be replicated. Evidently, the results would be different, because they are firm dependent. Then, the case is representative for testing a well-formulated theory, and a single case can be used (Yin, 2013). The proposed method is “logical” and fits the existing theory.

The commitment of the senior managers (director manger, operations manager, and marketing manager) was critical. The use of a quantitative method was considered just another step of the strategy formulation process. An important characteristic of the firm is that managers had already defined the ***strategic*** objectives. Otherwise, it would have been necessary to carry out the complete process from the beginning.

Obviously, the application of the proposed method in other company would be useful to understand how to adapt it to various situations and to improve it.

**3.1 Description**

The company is dedicated to the marketing of laboratory equipment, mainly for the research area, and industrial and quality control processes in Chile. It has 50 employees.

Its products meet the full range of laboratory equipment, microscopy and capture systems, controlled temperature equipment, biosafety cabinets and fume hoods, anatomical and training models for medicine, and culture media for microbiology. Its competitive advantage is that it exclusively represents international suppliers of renowned quality, mainly from Germany, Spain, and Australia; however, the current participation of Chinese suppliers is ranked in the first place, representing 30 percent of its imports. Its main customers are universities 58 percent (researchers), ***agricultural*** sector 10 percent, education 8 percent (schools), and research 5 percent. It has a total market share of 5 percent. Its main challenges are to consolidate its participation in the universities and research segment, expanding its nationwide coverage, and also to diversify its portfolio of customers and products, given the changes that markets are experiencing (funds for research provided by the state continue to increase). However, these funds are diversifying, and social sciences and humanities are growing areas. On the other hand, the industrial market (***agriculture***, food) has an enormous potential, and the company participation in these segments is very low, close to 1 percent. Action ***plans*** are aimed to increase the coverage in the country and increment their participation mainly in the industrial sector as well as to consolidate its participation in universities.

The ***strategic*** objectives were obtained previously in the strategy formulation process carried out by the company, which means that these ***strategic*** objectives are specific and valued for this company. They were derived from the vision, mission, values, and the defined strategy of the company.

The mission of the company is “To provide technological solutions for the scientific, industrial and educational development in the Country, delivering a service of excellence and quality through people highly qualified”. The vision is “To be recognized in the market as sustainable suppliers of integral technological solutions to the economic sectors, delivering them high quality and performance standards in the whole Country.” The company also defined ***strategic*** themes: consolidate its position in the market in the university research and teaching area, develop new business lines to meet the needs of the existing market, increase sales in the industry sector, improve the internal processes of the organization, improve the competences of the human resources, and improve and communicate the human resources policies. The ***strategic*** objectives were derived from an analysis and discussion of these themes, as shown in Table I. Key issues were identified by managers, which were translated into ***strategic*** objectives. They were then classified into the BSC perspectives, as shown in Table II.

According to Table II, managers want to have better financial results (see Financial perspective). In particular, they focus their attention on increasing market share, profits, and sales of current and new products. They acknowledge the need to work on other areas to improve those financial indicators. In so doing, they should work on the customer perspective by improving the quality of the service and the delivery (reduce delivery time and meet due dates), attracting more local clients and expanding the variety of the products offered. In order to satisfy customers, managers need to improve key internal processes. The processes to be improved are related to the company’s technological capabilities, its commercial management, its quality management system, and its productivity (i.e. to improve efficiency). Finally, to improve internal processes, the company requires working on the learning and growth perspective. Hence, they focus on improving workers’ skills, workers’ commitment, and organizational climate.

The level of achievement of all these objectives is done by the use of performance indicators. Although the definition of those indicators is beyond the scope of this paper, some of them are shown. The objective of “increase market share” is measured as “company sales/market sales.” The objective of “improve delivery” can be measured as the percentage of the number of orders that meet the due dates. The objective of productivity is measured as sales/payroll. Finally, the organizational climate is measured using an index obtained through a questionnaire to workers.

**3.2 The implementation process**

The process was implemented with the participation of three senior managers: the director manager, the operations manager, and the marketing manager. Because of the size of the company, they have enough knowledge about the company and the environment to discuss the company’s strategy map.

Before the implementation of the quantitative method, the company carried out a strategy formation process in which the ***strategic*** objectives of the BSC dimensions were defined. This process was carried out using five workshops with duration of about two hours each.

As a multi-criteria decision method (MCDM) was used and three people were participating, it was necessary to establish the way in which the initial influence matrix would be filled in. There are three types of approaches to combine the opinions of the participants within a group decision-making process (Wibowo and Deng, 2013): first, the opinion of the majority may be input (voting process), second, each one may allocate his/her own values and then aggregate values are obtained, or third, values obtained by consensus may be input. Among the last approach, the Delphi technique, developed by the Rand Corporation (see Helmer, 1967), has been very popular among practitioners. It consists of a series of rounds where questions are asked and feedbacks are received by the participants in order to achieve convergence. Normally, two or three rounds are enough. Examples of applications of this technique can be found in Bertolini (2007), Bigliardi et al. (2015), and Kermanshachi et al. (2016). In this work, we wanted to explore the technique proposed by DEMATEL as the mean to obtain the values for the initial influence matrix. Therefore, the simple average of the values given by the decision makers was used as input into the matrix.

**3.3 The influence matrices**

The initial influence matrix was obtained by asking the three senior managers about the influence of every objective on all the other objectives. The question to be answered was if the ***strategic*** objective x is achieved, which would be the impact over the achievement of ***strategic*** objective y? The simple average of the senior managers’ responses was the input of the initial influence matrix A. The values of this matrix are in the scale of 0-4, required by DEMATEL (see Table III). That initial matrix describes all the weights among the possible direct relations according to the managers. An input of “0” means that the objective does not have an impact on other objective, directly. On the contrary, an input of “4” means that there is a very strong influence of one objective on another. Moreover, following the conditions proposed by Kaplan and Norton (2004) regarding the construction of a strategy map, some cells are filled “a priori” with “0” (e.g. relations between objectives from financial perspective to customer perspective). It can be observed in Table III that meaningful relations are between 1 and 3.67 of weight. The most frequent value is 3.3 (29 percent of the possible relations). An example of the way to read this initial influence matrix A is as follows: according to managers, the increasing in the market share (objective A) has an influence on the objective C “sales increase with current products” as well as on objective D “sales increase with new products.” These relations are weighting with 3.67 and 3.00, respectively. Furthermore, objectives C and D have a high influence on objective A, both relations are weighting with 3.67. These objectives do not have a direct impact on other perspectives.

After applying Equations (2)-(4), the total influence matrix T is obtained, with s =0.028858. Matrix T is shown in Table IV.

A first numerical example was executed using the linear ***programming*** model (12)-(19). This example is displayed in Table V, given that the values of g was set to 50 percent and ∝nm was set to 80 percent if n and m are contiguous perspectives and 0 percent otherwise.

Figure 1 shows an overview of the strategy map associated with Table V. In order to conceptually interpret the results, some insights that are obtained from the figure are described as follows.

Improving workers’ skills and increasing commitment of workers are the two objectives of the “learning and growth perspective” that positively impact all the objectives of the “internal processes perspective.” It is clear that workers with better skills and higher commitment represent the essential capability for the organization’s development. In the “internal processes perspective” the objective of improving the quality management system is the one that positively impacts all the objectives of the following two perspectives. It can be observed that if their work quality and their processes do improve, this will have an impact on customer perspective as well as on all the objectives of the financial outlook of the company.

The objective of improving commercial management also has a positive impact on most of the customer perspective objectives and on all the objectives of the financial perspective. Better business management will allow a more efficient and effective accomplishment with the customers and will achieve the financial goals of the company.

Improving customers’ service quality and improving delivery times are the objectives that will enable the company to improve its competitive position (by increasing market share) and also will have the greatest impact on achieving their financial objectives. In other words, the company must ensure to implement necessary actions to achieve these ends before expanding the variety of products; i.e., to consolidate its competitive position and then expand (by increasing sales of new products). Briefly, the resulting map indicates that the organization should be focused on the following: working on improving the workers’ skills (it positively impacts on workers’ commitment), improving the quality management system and commercial management, and improving the customer service quality and delivery times. All these objectives will consolidate its competitive position, and it will positively impact the profits of the company, thus expanding its business.

In a more numerical analysis of the results, it can be observed that the strategy map contains 52 relationships between objectives, corresponding to 41 percent of potential feasible relationships. It means that, according to the model, 59 percent of the relationships have low importance and were not considered in the strategy map.

The resulting map has the following characteristics:According to the parameter g used in this example, the relationships selected account for 50.5 percent of the total importance of the network.According to the parameter ∝nm used in this example, the relationships selected between the “learning and growth perspective” and the “internal processes” account for 82 percent of importance. Overall, 85 percent is achieved between the “internal processes perspective” and the “customer perspective,” and 84 percent is achieved between the “customer perspective” and the “financial perspective.”The ***strategic*** objective with the greatest influence is “Sales increase with new products,” which belongs to the “Financial Perspective” with nine relationships. This implies that it receives 17 percent of the optimal relationships (nine out of 52). On the other hand, considering the importance level (Table IV), it receives 18 percent of the total importance based on the 52 selected relationships and 9 percent based on the 126 initial feasible links.The ***strategic*** objective that generates the higher links to other objectives is “Improve quality management system,” which belongs to the “internal processes perspective.” In this case, this objective generates 15 percent of the total of selected relationships (eight out of 52). In terms of importance, it represents 19 percent of the total importance based on the 52 selected relationships.

In a different numerical instance, we solve two different optimization models where the values of ∝nm are 90 and 10 percent, respectively, and the value of g remains in 50 percent. For the first case (∝nm=90 percent), 53 relations were obtained, and for the second case (∝nm=10 percent), 49 variables or relations were obtained, corresponding to 42 and 39 percent, respectively, of total relations (126). It is worth mentioning that, although the number of relations obtained in both cases is similar, there may be significant differences in the resulting strategy maps, which imply major changes in the organization management. To analyze the difference level between the strategy maps, we define the following indicator of similarity, which was proposed by Quezada and López-Ospina (2014):(22)Similarityindicator=1−∑i∑j|yij(α=10%)−yij(α=90%)|126where yij(α=10%) is the solution to the optimization problem with α=10 percent and yij(α=90%) is the solution to the optimization problem with α=90%. In addition, 126 is the total of initial feasible relations.

Taking into account the optimum solutions, we obtain the Similarity indicator=77 percent. This means that in this particular example, changing the value of α between 10 and 90 percent implies that only 77 percent of the map is similar. The remaining 23 percent suggests differences that the organization should consider in the decision-making process. Hence, the organization should carefully analyze the different strategy maps that can be obtained including variations of the parameters previously indicated, to ensure the best options according to the decision makers.

Now, we will briefly analyze the sensibility over the values of g and ∝nm and the results obtained (Table VI and Figure 2). In doing so, we will consider values of ∝nm=0.1, 0.5, and 0.9 changing the value of g between 0.1 and 0.9 for each case.

It can be observed in Table VI and Figure 2 that in this particular case, if we have a g greater than 40 percent, this percentage captures the importance of contiguous perspectives, which indicates that the relevance of the parameter ∝nm drops.

In addition, for small values of ∝nm, there is a linear relation between the importance of the relations (considering the weighting given from the senior managers) and g. This suggests that the global importance allows flexibility in the building process of the map. Otherwise, for high values of ∝nm and small values of g, the classical structure of the strategy maps remains. This consolidates the importance of relations between contiguous perspectives. Moreover, if the parameter ∝nm increases, there is a breakpoint when the relation between g and the importance of the relations changes from a constant behavior to a linear performance.

Regarding the percentage of relations, the organization goal is achieving it with minimum quantity of relations from the total feasible relations; this implies that the goal can be obtained efficiently, taking into account the importance of the relations.

Finally, a value of g greater than 90 percent cannot be obtained because there are no reciprocal objectives (as it was stated in Equation 18).

**4. Conclusions and remarks**

We divide this section into conclusions, practical and theoretical implications, and limitations.

**4.1 Conclusions**

This paper presents a quantitative two-step method to establish causal relations between the ***strategic*** objectives of a BSC strategy map. First, the MCDM known as DEMATEL is used to find the weights or ratings between objectives based on cause-effect processes comparison. This matrix represents all possible causal relations between the objectives. As a second step, a model of binary optimization is designed and applied to find the relations that actually are going to be in the strategy map. That is, an optimum criterion is used to select those relations that are the most “important” where the set of constraints seek to meet the general requirements for the construction of a strategy map. The method was applied on a small company devoted mainly to laboratory equipment commercialization company for the area of research and industrial control and quality processes in Chile. The managers found the method useful because the obtained strategy map represents the strategy of the company and the way it creates value.

**4.2 Practical and theoretical implications**

Managers stated that the applied method allowed them to understand in a better way the relationships involved between ***strategic*** objectives and to interpret the impact of decisions and action ***plans*** on the rest of the objectives. On the other hand, the strategy map ***produced*** using the method became a consultation and reflection tool to assess the development, over time, of the action ***plans***. Finally, the implementation of the process generated an instance of communication, coordination, and acquisition of learning and professional growth for the team managers.

Taking into account the method presented, it is important to highlight that both Kaplan and Norton (2004) and other authors have stated the importance and convenience of strategy maps in organizations. However, the construction and design form has not been a widely discussed topic in the literature. Usually, cause-effect relations between ***strategic*** objectives are generated subjectively using the company managers’ experience and judgment. As discussed previously, this building process may lead to solutions that are not necessarily valid. To overcome this situation to some extent, this paper shows that our method provides a quantitative tool for establishing relations between ***strategic*** objectives. In doing so, it gives formal ideas to support the design of strategy maps. Furthermore, the method proposed maintains the structure of a BSC based on the logic of different perspectives with several objectives that can be cause or effect of other objectives. Therefore, it helps to overcome the gap found regarding previous studies, where the map presented does not follow the Kaplan and Norton approach. In fact, while maintaining the structure, the method proposed in this paper also broadens the notion of causality between objectives, for it includes the indirect relations which are not easily observed or described for a decision maker (e.g. senior manager).

Additionally, the method helps to solve the problem of having only two set of objectives (“cause” and “effect”) by considering the fact that in BSC, an objective can be the cause of another objective, but also the effect of another objective. Moreover, the method also is useful in removing the relations that are not feasible (e.g. circular relations).

Moreover, the idea of creating changes in both parameters (g and ∝nm) enables generating several alternatives to facilitate the decision-making process. In fact, these variations help the organization in focusing on the main important aspects of the strategy map; consequently, managers can know where to pay more attention when it comes to improving the most important objectives of the company. Hence, this method, as a support for the decision makers, allows (and requires) the active participation of senior managers and any kind of decision makers in the creation and valuation of objectives, relations, constraints, importance, and parameters of the optimization model.

One of the key issues is the validity of the proposed method. “It is extreme difficult to measure objectively whether the approach has been successfully […]” wrote Platts and Gregory (1991) referring to their proposed auditing method for formulating a manufacturing strategy. They suggested using three criteria to measuring the success: feasibility (could it be done?), usability (how easily could it be done?), and utility (how useful was it?). The answer to these questions was positive, giving an indication that the proposed method is one alternative appropriate for supporting the creation of a strategy map.

Even though there are other performance measurement systems, such as the ***Strategic*** Measurement and Reporting Technique pyramid developed by Wang Laboratories (Lynch and Cross, 1991) and the Performance Prism developed by Kennerley and Neely (2002), the proposed method has been designed particularly for strategy maps within the context of a BSC. This is because DEMATEL captures the causality among ***strategic*** objectives. On the other hand, DEMATEL offers the flexibility to model strategy map of BSC with different configurations. This is the case, for example, in which other perspectives are considered or where the ultimate objective is not necessarily the financial perspective.

**4.3 Limitations and future work**

As the main purpose of this paper was to propose a quantitative methodology for identifying the causality relations among ***strategic*** objectives to improve the possible weaknesses described in the literature, our focus of attention was to explain the methodology and to present how can it be used in a real context. In this regard, the idea of generalizing those performance measures obtained for this firm or validating these measures with a theoretical model of indicators was not considered within the scope of this paper. Therefore, methods of validations (e.g. the Delphi method) were not included in the methodological design. In future applications of this proposal, other approaches of group decision-making processes may be explored in order to generate a model of performance measures that can suit different companies within a specific economic sector.

Furthermore, we acknowledge the subjectivity inherent within the process of designing a strategy map, which includes the participants’ perceptions regarding causality relations between objectives and the weights given to those relations. In this sense, we want to broaden the current proposal methodological design to include the level of uncertainty in those managerial judgments and translate them into numerical values, as were presented in the methodology used in this paper.

Finally, the methodology proposed has several aspects to explore in future works. For instance, it could be interesting to apply this methodology in companies that require to exclude or include relationships “a priori,” or to eliminate objectives with low level of importance (e.g. with low value for the organization), or to integrate resource allocation within the optimization model in order to prioritize projects related to the achievement of the objectives. Regarding this last example, this methodology can contribute in future research in overcoming the limitations of the BSC and the strategy map related to the management of indicators that are dissimilar in characteristics and units of measurement, and vague in their contributions (Wu et al., 2009; Yüksel and Dağdeviren, 2010; Bentes et al., 2012; Wudhikarn, 2016). Therefore, a methodology that integrates the establishment of causal relations between the ***strategic*** objectives of a BSC strategy map with the resource allocation is needed in order to pursue the organizations’ goals.

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[***Washington: TAX CUTS AND JOBS ACT--CONFERENCE REPORT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R78-1NH1-F0YC-N3SJ-00000-00&context=1516831)

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**Body**

Washington: The Library of Congress, The Government Washington: of USA has issued the following house proceeding:

 The PRESIDING OFFICER. The motion to proceed having been agreed to, the Chair lays before the Senate the conference report to accompany H.R 1, which will be stated by title. The legislative clerk read as follows: The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R      1), to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, having met, have agreed that the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment and the Senate agree to the same, signed by a majority of the conferees on the part of both Houses. Thereupon, the Senate proceeded to consider the conference report. (The conference report is printed in the House proceedings of the Record of December 15, 2017.) The PRESIDING OFFICER.

The Senator from Wyoming. Mr. ENZI. Mr. President, we stand today on the precipice of the most sweeping change to our Nation's tax system in over 30 years. This is a historic moment, as this distinguished body begins final consideration of the Tax Cuts and Jobs Act--tax reform that will help boost America's economy, create more jobs, and leave more money in people's paychecks. The last time we considered tax reform similar to this magnitude was 1986. To help remind us how much our country, its economy, and the people have changed since that time, let's review some of the events of that year. In 1986, the Dow Jones Industrial Average closed at 1,895--sure that 20,000 would never be broken, and it wasn't until after the last election. It now stands at over 24,000. A gallon of gas cost just 89 cents. Today it is close to $2.50 We still used land lines to phone our loved ones. Iconic movies such as ``Top Gun'' and ``Aliens'' opened. Americans were watching TV shows like ``Dynasty'' and ``Hill Street Blues.'' The Associated Press chose NBA star Larry Bird as one of the Athletes of the Year. President Ronald Reagan signed into law the Tax Reform Act of 1986, which ushered in deep tax rate cuts for American families and an overhaul of our complicated Tax Code. When he signed the bill, Reagan commented on the length of the journey and noted that some people thought it would never happen. Today, too, some have asserted that tax reform either cannot or should not happen, but as our strongly optimistic President said in 1986--and as I continue to believe--the American people ``haven't made this the freest country and the mightiest economic force on this planet by shrinking from challenges.'' Reagan noted: This country was founded on faith in the individual, not groups or classes, but faith in resources and bounty of each and every separate human soul. Our Founding Fathers designed a Democratic form of government to enlist the individual's energies. For that reason, I want to remind my colleagues about the hard work that brought us here. It is a journey that has been years in the making under the leadership of both sides of the aisle. It is one we started and will finish for the benefit of the American people and the health of the U.S economy. I am proud of the work of the Finance and Budget Committees, and I have had the honor to play a role with both. The Finance Committee held more than 70 hearings on how the Tax Code can be improved and streamlined to work better for all Americans. Almost 3 years ago, Finance Chairman Hatch and Ranking Member Wyden convened bipartisan tax reform working groups to analyze challenges of our outdated Tax Code and develop policy recommendations for comprehensive tax reform. The conclusions reached by these groups helped identify the issues for reform and shape the contours of the legislation we are considering now. It is worth noting that the entire fiscal year 2018 budget reconciliation process has been open, transparent, and subject to regular order, starting with the passage of the Senate budget resolution. The Senate Budget Committee marked up the bill over 2 days and accepted amendments from both sides of the aisle to make the resolution stronger. In fact, for the first time ever, the minority received a copy of the chairman's budget document 5 days prior to the start of the markup. According to many of my colleagues, it was one of the most transparent budget resolution markups in history. The budget resolution--complete with the document reconciliation instructions--was then debated on the floor. This was an open floor process that allowed every Senator the opportunity to offer and vote on amendments to improve the resolution before its final passage. Last month, the Senate Finance Committee held a 4-day markup before approving tax reform legislation designed to modernize our Tax Code. The markup lasted 23 hours and 34 minutes over the course of those 4 days. Of the more than 350 amendments filed, 69 were considered in committee. Amendments offered by both Democrats and Republicans were adopted. Since then, both Chambers of Congress have passed similar versions of the Tax Cuts and Jobs Act, and over the past 2 weeks, conferees worked tirelessly to resolve and bridge the differences between the two bills and [[Page S8089]] come to an agreement on a final piece of legislation. In this Chamber, the legislation reflects the outstanding work and leadership of Finance Chairman Hatch and Energy Committee Chairman Murkowski in developing legislative recommendations that adhere to the budget resolution's reconciliation instructions, and I thank them for their efforts. I also thank my Senate colleagues who earlier this month supported the Senate passage of the Tax Cuts and Job Act and whose advice and consent during the conference has shaped the final bill. The legislation is truly a reflection of the broad range and consensus of Members who engaged with this process. Throughout my work on this bill, I have carried with me the many lessons I have learned from when I owned and operated a small business or when I worked as an accountant. I have been led by one singular purpose, to help improve the lives of millions of hard-working American families, especially the residents of my own State of Wyoming. I am pleased with the outcome of our work because I believe it includes meaningful changes that will help individuals and families struggling to move up the economic ladder. The tax ***plan*** includes reforms that will help grow the economy, that will create more jobs, and that will simplify taxes. It provides American workers and families with an across-the-board tax cut and puts more money in people's pockets. It lets Americans have a greater say as to how to use their hard-earned money. The changes will help small businesses in our communities thrive and encourage the largest multinational companies to remain in the United States, investing profits here instead of overseas--not a bad wish list for Santa. Under the ***plan***, Americans will reap tax savings from reduced tax rates, tax savings from a higher standard deduction, which creates a larger zero tax bracket for low-income individuals and increases many people's tax refunds. It also includes a child tax credit that doubles in size to $2,000 to help struggling families and all this while preserving important deductions for medical expenses, charities, homeowners, and State and local taxes. Our farmers and ranchers will receive stronger protections from the reach of the death tax to help them more easily pass on their businesses to future generations-- eliminating a double taxation. Businesses small and large will benefit from a range of tax breaks, including lower tax rates, expanded opportunities to expense the purchase of capital assets, a new 20-percent deduction for many unincorporated businesses, and international tax reforms to give the U.S -headquartered global companies a strong competitive footing in the global marketplace. These are changes you can take to the bank. Now it is time for us to act. It is time for us to modernize our outdated Tax Code so our Nation can remain competitive in the 21st century economy. The code, as it now stands, hurts American workers and hampers economic growth. Along with reforms to the code, this bill will also promote economic growth. For too long, some have accepted the presumption of a U.S economy that will not grow as strongly as it has in the past. As a supporter of this bill, I reject that false narrative. Better tax policy will boost the value of everything we ***produce***, and this will mean more revenue for the Federal Government. I am tired of the accusations that Republican budget hawks--and that definitely includes me--are willing to throw in the towel and accept a $1.5 trillion deficit over the next 10 years. I am still a deficit hawk. Here is why. Claims to the contrary that this bill will go unpaid for are based on an incomplete analysis of the tax bill. We have a Congressional Budget Office tasked with impartially evaluating any legislation we do. Unfortunately, its evaluations are tied to static scoring. That means it is evaluated without considering the underlying economic effects of these changes. Let me repeat that. The Congressional Budget Office is tied to static scoring. That means it is evaluated without considering the underlying economic effects of these changes. The problem really isn't how much revenue we will have under the new bill. I believe it will increase revenue as the tax cut did in the 1980s. The problem is spending. We never make budget cuts. In Washington, a cut in the budget brings screams if an agency or ***program*** doesn't get as much as it requested, even if it gets more than it ever had before. That is not a budget cut, but that is how it works in Washington. If we continue this way, we will not ever get our spending in line. For years, I have tried to institute the Penny ***Plan***, where we just cut one penny in real cuts from where we have been. It gets lip service but not votes. It is a lot easier to give away money than it is to take away money, even pennies. So we need a new approach. We need to grow the economy. We need businesses to do well so more tax money will come in. We need individuals to make more so more tax money will come in. That has been done before with tax cuts. Unfortunately, when the tax cuts performed to provide more revenue, we spent twice what we brought in. So here is what I have done as Budget chairman. A good economy brings in more tax money. Our economy has been limping along. Last year, it grew at a mere 1.6 percent GDP--which is private sector growth, not government growth. The norm for the United States is 3.2 percent private sector growth--not like we saw during the past 8 years when this growth remained below 3 percent. In fact, since this President got elected, the growth has been 3.2 percent already. In the fourth quarter of 2017, we may almost hit 4 percent. There is a lot of hope in America. Every tenth-of-a-percent increase in GDP brings in $273 billion in taxes over 10 years. If we could raise that anemic 1.9 percent to a mere 2.4 percent GDP, we can recover the deficit effect of the tax cuts. If we can bring up the productivity in the private sector--the GDP--to its norm of 3.2 percent, we will pay down significant debt over the 10-year window. The Council of Economic Advisers and some 130 economists have agreed with me. They say the balancing point of 2.4 percent is way too low, and 3.2 percent GDP is much more reasonable. Some even predict 4 percent growth to our economy. That is how you can be a deficit hawk and cut taxes. You just have to bet America can do better. Actually, we are just betting that we can be as good as we used to be. Our American spirit should say: ``We can do a lot better than that.'' The Tax Cuts and Jobs Act will help our economy expand. It will provide tax relief to hard-working Americans and make changes to our Tax Code that businesses large and small need to boost the economy and create jobs. Ultimately, we know increased revenues alone are not going to solve our long-term budget and debt problems because Washington's real problem isn't revenue; Washington has a spending problem. I urge my colleagues today to finish the task before us. Let's pass this bill to make critical and long overdue changes to our Tax Code that will jump-start our economy. Our country needs it, hard-working American families need it, and they deserve to have the opportunity to make more choices about how their hard-earned money should be used. In closing, I again remind my colleagues of the words of President Reagan: Let's not let this magnificent moment slip away. Tax relief is in sight. Let's make it a reality. . . . We can do it. And if you help, we will do it this year. Thank you, Mr. President. I yield the floor. The PRESIDING OFFICER. The Senator from Oregon. Mr. WYDEN. Thank you, Mr. President. Mr. President and colleagues, today the Republican Party officially turns its back on America's middle class. Our constituents believe Congress must require multinational corporations to pay their fair share, ensure that the middle class has the chance to truly get ahead, and protect Medicare, Medicaid, and Social Security. Instead, Republicans are doling out new giveaways to the multinational corporations, raising taxes on the middle class after a brief sugar high, and taking away the Medicare and Social Security guarantees for the future. It takes hard work to muscle a tax ***plan*** this unpopular and destructive [[Page S8090]] through the Congress. Writing it is the easy part, especially when you are just checking off the far-right tax policy wish list. Normally, the hard part is sticking to your baseless talking points, ignoring the public outcry, and turning a blind eye to the loads of evidence that your ***plan*** is designed to fail. This process has certainly been as far from normal as it can get. The bill comes at an enormous cost and represents a huge missed opportunity. For some perspective, the $1.5 trillion Republicans ***plan*** to borrow for their tax bill would fund the Children's Health Insurance ***Program*** for 915 years--915 years of a lifeline for families who are walking on an economic tightrope with CHIP. That is what you could get for the $1.5 trillion Republicans are borrowing to pay for their tax bill. Spent on infrastructure, it would build towering, new monuments in the tradition of the Hoover Dam, the Golden Gate Bridge, and the Interstate Highway System. Aimed permanently at helping the middle class, it would give long-struggling Americans a meaningful chance to get ahead. But this isn't real tax reform or a serious solution to the major policy challenges of our time; this is a stimulus ***plan*** for shareholder goodies and executive compensation. Today, Republicans are ignoring decades of evidence that trickle-down economics is a fantasy. Republicans have cut taxes bit by bit for multinational corporations and high-flyers, but we have seen wages stay flat. The benefits of those previous tax cuts never trickle down. In this debate, Republicans seized on a talking point about workers getting a $4,000 average raise if the bill becomes law, but that figure is based on a made-up, revenue-neutral ***plan*** that was never on paper. It is fake math, plain and simple. I want to issue a warning to the public today. Passing this bill guarantees years and years of instability in our Tax Code and painful, drawn-out battles over tax policy here in the Congress. Because of the pure partisanship and the recklessness of the process that went into drafting this legislation, the bill is already full of mistakes that are going to have drastic, unintended consequences. Down on K Street, they are already working overtime to exploit new special interest loopholes. The giant passthrough tax loophole, which has been widely covered in the business pages, is just the beginning. There are going to be big new incentives for multinational corporations to ship jobs overseas, and with that, more factory towns and mill towns are going to go dark. Fewer Americans will have the kinds of reliable manufacturing jobs that support a family. There are going to be extraordinary new pressures on State and local finances, and that is going to hamper their ability to build new roads and bridges and schools. There are going to be new and annual fights over the stop-and- go tax policies. Around here, they are called tax extenders. And what they do is ensure a lack of the predictability and certainty we need for innovation and growth. All the evidence says that many of the policies in this bill are going to be a nightmare to administer. This means that with this bill, tax cheats get a holiday gift and have the opportunity to create new rip-offs. What this means for the typical family who just wants to file and get a refund on time is that there are going to be more hassles because the government is going to have to devote more time to trying to catch the cheats. The defining economic challenge of our time is guaranteeing that the middle class and those who strive to be middle class have a chance to get ahead. Our country is home to the world's most powerful economic engine, and it generates levels of prosperity that have never been seen before, but working families and the middle class have been on the outside of the winner's circle for generations. The Republican ***plan*** isn't an answer to that challenge. In fact, it almost certainly makes the problem worse. At a time when the middle class needs fundamental, permanent reforms to give them a chance to get ahead, the best--the best the Republican ***plan*** offers is a sugar high. The fact is, it will not be long before the sugar high wears off and tens of millions of hard-working Americans will find themselves paying higher taxes--higher taxes--as a result of this bill. Corporations, on the other hand, reap the benefits of permanent tax breaks and a loophole-ridden system that, in my view, just begs to be gamed. The trail of broken promises that Republicans have left behind in this process is long and unforgettable. The President said his tax bill would not benefit his family or people like him. That is untrue. The Treasury Secretary said there would be no tax cut for the upper class. He was happy to have that called the Mnuchin rule. That is untrue. Republicans in Congress said the principal feature, the main feature of their ***plan***, would center on a middle-class tax cut. That is untrue. Republicans said their bill would make the system dramatically simpler. That is untrue. Republicans said their bill would allow families to file their taxes on a postcard. That is untrue. Republicans said their ***plan*** would pay for itself. That, too, is untrue. Even many of the promises Republican leaders made to their own colleagues have been broken, but there is one that they are not trying to hide. The deficit hawks have flown back to town, and they are already stirring up a battle over entitlement reform, and they are going to look at a variety of health ***programs*** and ***programs*** that are a lifeline to millions of Americans. Our people are not thrown off by the Washington lingo. They know that when Republicans say they are coming after entitlement reform, they have the knives out for Medicare, Medicaid, Social Security, anti- hunger ***programs***, education funding, and more. Our distinguished colleague from Wyoming, Chairman Enzi, was talking about how dynamic scoring would take care of things and that it was just off base to be concerned about these deficits because dynamic scoring would make everything turn out fine. The reality is that all of the independent analyses have shown that this bill comes up way short in terms of projected revenue. The Tax Foundation, for example--which is not exactly a leftwing operation--says the Republicans were hundreds of billions of dollars short. What the Joint Committee on Taxation said is that the Republican ***plan*** was $1 trillion short. Let's put it in context. Remember that Steve Mnuchin said that this ***plan*** would not only pay for itself but that it would leave $1 trillion left over. Yet both the Tax Foundation and the Joint Committee on Taxation said that this bill comes light years away from paying for itself. I say to my colleagues, it didn't have to be this way. I see the distinguished chairman of the Finance Committee on the floor. As I have indicated, Democrats believe that the Tax Code is a rotting mess and has to be fixed. For years, there has been bipartisan interest in getting tax reform done right. Seventeen Democratic Senators came together, even in a last-ditch effort to try to bring some bipartisanship into the process, and laid out ideas for some common ground. I commend that group, led by our colleague from West Virginia, Senator Manchin, and our colleague from Virginia, Senator Kaine. I have written two comprehensive, bipartisan tax reform bills, first with Senator Judd Gregg and then with a member of the President's Cabinet, Dan Coats. The majority leader always likes to talk about how nobody on this side is interested in bipartisanship. When Democrats laid out their principles, the first thing we said was how important it ought to be that we focus on bipartisanship. That letter was shared with the Republican leadership. Then you have the group of moderates. Then you have the actual bills that were written. So this idea advanced by the Republican leadership that there was no interest in bipartisanship does not resemble reality. By the way, a lot of Senators here know that we have a pretty current example--the 2015 tax bill. It is kind of a model of what you can do. Both sides had good ideas. Bipartisanship is not about taking each other's dumb ideas; anybody can do that. But in the 2015 bill, my colleagues on this side said that the earned-income tax credit ought to be expanded, and we wanted the child tax credit and the American opportunity tax credit. The Republicans, led by my distinguished colleague, Senator Hatch, had [[Page S8091]] some pretty good ideas too. They wanted to make the research and development credit permanent and the expensing provisions, which are so important for farmers and rural communities, and they had some ideas on business incentives. So we said: We are going to find some common ground here. We are going to take good ideas from both sides. The tragedy of this bill is that Republicans wouldn't build on the good work of the 2015 tax legislation, where good ideas were accepted from both sides. This time around, there was zero outreach from Republicans on this issue. There was not one moment when Republicans actually shared even a piece of paper or a document about ideas that might bring both sides together. In fact, we can go all the way back to November 2016. They were still putting the voting machines back into storage when the first whispers began about tax reform happening through a completely partisan process. Now, in coffee shops across America, most folks are not talking about budget reconciliation. Budget reconciliation is Washington lingo for saying: We aren't going to do this right; we are just going to make it our way, partisan, with no effort to try to bring people together. And after those whispers in November of 2016, within days, Chairman Enzi, the chairman of the Budget Committee, and my good friend, Senator Hatch, the chairman of the Finance Committee, and everybody is on board. Then, the majority leader, in December of 2016, made it official: We weren't going to build on the history of successful tax reform, which required bringing both sides together; the majority leader said that we are going with reconciliation and partisanship. Reconciliation is a full-on rejection of the history of successful tax reform, and it is a full-on rejection of bipartisanship. It is the majority saying to the minority, as was the case: We just don't want your ideas because we don't need your votes. When you look at the way this debate played out, it is obvious that has been exactly the approach my Republican colleagues have taken. The administration's first tax outline, which was shorter than your typical drugstore receipt, didn't contain an ounce of Democratic input. Then, what we had with the Republicans were the closed-door meetings of what they called the Big 6, a Republican-only group who turned their outline into a framework for a bill. The framework they released, which was roughly the same size as your typical drugstore receipt, still reflected no Democratic ideas. Everybody knew that if we did it this kind of way, the public was going to catch on. They were going to see this as a con job and they were going to catch on that this is going to give the middle class the shaft, so they decided that they just have to move at the speed of light. That is what the House did. Here in the Senate, the Republicans dropped their ***plan*** late at night, just before the Veterans Day weekend, and the Finance Committee was supposed to start the process of voting on it a few days later. There was a whole new bill introduced in the middle of our markup that turned the tax bill into a healthcare bill--a healthcare bill-- with a fresh attack on the Affordable Care Act. There was another set of last-second changes introduced literally minutes before the final committee votes happened. The bill makes $10 trillion in tax policy changes, and there was never a single hearing on the specifics of the legislation. Let me just repeat that. I want the public to know that. There was never a single hearing--not one--on the specifics of this legislation. We are going to hear on all points a push by my colleagues on the other side to say that there were 70 hearings. Well, sure, there were people who would come in from time to time and talk about issues. There wasn't one hearing--not one--on the specifics of the legislation. On the Senate floor, the Republicans played hide the ball for days until they dropped the final version of their bill late at night on a Friday. Two full days of debate had already passed, and the final bill was a mystery. I stood here hour after hour asking where the bill was--an economy- transforming bill, a tax hike on tens of millions of middle-class Americans. Yet Republicans kept it hidden until the very last second. When it was revealed to the public, we saw my colleague, Senator Durbin from Illinois, holding it up with illegible notes scrawled in margins. It wasn't anywhere near enough time for any Member of this body to read the bill and grasp each of its provisions. Even the conference committee was an exercise in reckless partisanship. News reports said that Republicans had agreed to a final bill, but they were empty-handed at the only official conference meeting. So what was going on at this so-called conference meeting? This was, I guess, a reality show version of a conference committee. The conferees were supposed to ask questions about out-of-date ***plans*** from the other body, in the Senate, when the actual, final bill was still locked behind closed doors. The chairman didn't allow any motions or any amendments. Just like every other step in the process, this was a sham debate, and now the bill is a few hours away from passage. I close with this: This bill has the power to reshape the American economy in far-reaching and unforeseen ways. It has the power to send families into economic hardship. It has the power to threaten this country's ability to uphold the special promises of Medicare, Medicaid, and Social Security. And this bill was written in the shadows, written in the dark, with billions and billions of dollars' worth of changes tumbling out at the last second, the result of special interest influence and hushed conversations in back rooms. There were no public hearings on the specifics of this legislation, and people wonder why the American people oppose it. Republicans have chosen to ignore them. They have chosen to ignore them. What is happening is un-Democratic. It is wrong. I am here to say that this vote will not be forgotten. I yield the floor. The PRESIDING OFFICER (Mr. Strange). The Senator from Utah. Mr. HATCH. Mr. President, the Senate will soon vote on the conference report for H.R 1, the Tax Cuts and Jobs Act. I have waited a long time to give this final statement in support of tax reform legislation. (Disturbance in the Visitors' Galleries.) The PRESIDING OFFICER. The Sergeant at Arms will restore order in the Gallery. The Senator will suspend. Mr. HATCH. Mr. President, this fellow has a very interesting way of trying to get his point of view across. It shouldn't be done here in this august body. Let me just start again. The Senate will soon vote on the conference report for H.R 1, the Tax Cuts and Jobs Act. I have waited a long time to be able to give this final statement in support of tax reform legislation. I have been in the Senate for a little while. I have been party to a number of major legislative achievements, like the passage of the Americans with Disabilities Act, the creation of the CHIP ***program***, the Child Health Insurance ***Program***, and the Religious Freedom Restoration Act, to name just a few. These are landmark bills, and I have had a lot to do with them. The legislation before us is as important and as far-reaching as anything I have been privileged to work on. It is beyond gratifying to see the Senate reach this point, and I look forward to finally seeing real tax legislation signed into law. I apologize for this type of intemperate action and mouthing off inside of this august Chamber. People feel very deeply about these things on both sides of the issues. Passage of this important bill will be historic. It is the combination of years of work by people in both parties, in both Chambers, and on both sides of Pennsylvania Avenue. Many of us in this body have been waiting for years for this opportunity, and millions of Americans outside of this body have been waiting even longer. It is no secret that our Tax Code is broken. Members of both parties have acknowledged this. If you walked across the country and asked Americans of all backgrounds and ideologies, you wouldn't find many who would be willing to defend the status quo. I don't think you would find anybody. [[Page S8092]] There is one apt phrase my good friend Senator Wyden uses to describe our Tax Code. He calls it ``a dying carcass.'' Indeed, our Tax Code is dying and rotting. It has hampered job creation, wage growth, investment in the United States, and it has chased American companies to foreign shores. I don't know how it could be more harmful than it has been. It has also given foreign companies a leg up on U.S businesses in the global marketplace, leading to a record number of foreign takeovers and inversions. The bill before us will address these problems and help us turn the ship around. Our legislation will reduce the corporate tax rate to 21 percent-- something that is long overdue--the lowest level in the modern history of the United States, placing our country slightly below the average of industrialized countries. These changes will once again give American companies a competitive edge and bring more businesses back home instead of losing them the way we have been. Hundreds of economists have said that our bill will boost economic growth, and numerous companies have indicated that once our bill becomes law, they will invest heavily in expansion and job creation right here in the United States of America. In addition, as the Joint Committee on Taxation has made clear, reducing the corporate tax rate has distributional effects that go beyond the companies themselves, their high-ranking officers, or even their richest shareholders. In fact, JCT--the Joint Committee on Taxation--estimates that workers bear 25 percent of the corporate tax rate and other economists have found that this number can reach as high as 75 percent. This means that no matter how you slice it, Americans will see their wages go up when corporate tax rates go down. Further, over the last few decades, we have seen a massive expansion of pension and retirement assets, much of which are invested in corporate stocks. While many of my colleagues like to decry any business from merely earning a profit, the truth is that the continued rise in corporate profits has significantly expanded the wealth of middle-class workers and taxpayers who have continually set aside funds for the future. A representative from

the Tax Policy Center testified before the Finance Committee in the spring of last year. At that hearing he stated that 37 percent of corporate stock ownership was held in retirement ***plan*** accounts--37 percent. That was the largest share of overall stock ownership, and that statistic syncs up with the distribution tables put out by the nonpartisan Joint Committee on Taxation. For all of these reasons, lowering the corporate tax rate has been a bipartisan goal for over a decade now. I have said it before: Presidents Clinton and Obama, Senators Wyden and Schumer, and most of the other Democrats on the Senate Finance Committee have at some point in the recent past endorsed a significant reduction in the U.S corporate tax rate. Our bill will achieve this bipartisan goal and place our country well within the mainstream among our international competitors. This is a good thing--not just for businesses and rich stockholders but for working, middle-class families as well. Let's be clear. This bill's chief focus is about helping the middle class. I know there is a tendency among some in this Chamber to act and speak as though all money in this country inherently belongs to the government. I won't speak for everyone, but those of us who have worked on this bill tend to think differently. Aside from business reforms that will grow our economy, increase wages, and create jobs, our bill will lower individual tax rates across the board, allowing hard-working Americans to keep more of their money. In our bill, we also nearly double the standard deduction for individuals and married couples. This feature will significantly reduce the burden of tax filing for millions of middle-class families and decrease even further the overall tax liability of millions more. For the first time in more than 30 years, nearly every American will get more money back by just filing out an EZ form. This, without a doubt, fulfills our goal of simplifying the Tax Code. For individuals who are concerned about being able to itemize--again, we believe the number of people with this concern will decrease dramatically under our bill--we retain a number of key provisions that benefit many in the middle class. For example, this historic legislation will allow individuals and families to continue to claim deductions for State and local taxes, up to $10,000 a year. It will keep in place, with relatively minor adjustments, the deduction for mortgage interest. And Americans who itemize and want to deduct their charitable deductions will be free to do so. This has made America great, and it has helped us at the same time to be more charitable. We are also expanding the child tax credit with this bill, doubling it from $1,000 to $2,000 per child and making the credit far more refundable than ever before. The adoption credit will stay in place. The deduction for medical expenses will still be available. Credits and assistance for students and their families will be untouched. We have made all of these changes and, when necessary, preserved current law, with an eye toward helping the middle class. I know a number of my colleagues like to argue that this bill will have different results. Let's look at the numbers. Under this bill, a typical family of four, earning the median family income of $73,000, will see their taxes go down by more than half-- about 58 percent. That number means something more than just a simple percentage; it means that an average American family will be able to keep $2,058 more of their own earnings next year. That is a mortgage payment, a downpayment for a car, or several months' worth of groceries. What about a single parent? Under our ***plan***, a single parent with one child, making $41,000, will see their taxes slashed by nearly 73 percent. That is almost a three-quarter reduction in tax liability. That means a savings of more than $1,300 over the course of a year. That could be a month of daycare expenses, multiple car payments, or a family vacation. These are things that matter to American families, and they well should. But our friends on the other side have been so caught up in partisan politics that they decided to ignore the Americans who will benefit from this legislation. I think it started with the election of President Trump and the retention of Senate control by Republicans. Their base protested, occupied, and disrupted the transfer of power from President Obama to President Trump. Here on the Hill, the ``resistance'' was in full effect right off the bat, with a coordinated effort to stall nominations in committee, which included unprecedented boycotts and refusals to meet with nominees. It has only gone downhill from there. While we heard words from our friends on the other side about participating in tax reform, their actions showed otherwise. I don't know how they can stand here and make some of the arguments they do. Unprecedented process demands were made. Resistance was the ***plan***, and that ***plan*** was carried out. Now we hear about massive tax cuts for the very rich and huge breaks for corporations, but these claims fall apart when you look at the facts. Again, this isn't unchartered territory for my friends on the other side. Accusing Republicans of hating the poor and loving the rich is one of their go-to moves. I have seen it for over 40 years. Every time you turn around, there is one of their go-to moves, and it has nothing to do with reality. I do think they are getting more desperate and vicious in their attacks because they regret their own decisions to sit out of this endeavor. That is precisely how it happened. Our colleagues were apparently so preoccupied with denying President Trump and congressional Republicans any success, they chose not to engage and instead to sit in the peanut gallery throwing out baseless attacks. As I have said literally dozens of times over the past few years, I wish the Democrats had joined us in this process, put aside their ultimatums and preconditions, and helped to advance policies that they have claimed to support for years now. But we are where we are, and while the bill before us includes a number of ideas and proposals Democrats have supported, we are prepared to pass it without their [[Page S8093]] votes, if that is what it takes. There have been some Democrats who have worked with us, but they have been few and far between. Once again, this is a historic bill. I am proud of the work we have done in the Finance Committee, here on the floor, and in conference to get us to this point. I again invite our friends on the other side to also support the bill. I am proud of our colleagues who have put in so much effort to get us here. I am proud of the staff on Capitol Hill who have labored day and night to assist in this endeavor. As I said, this legislation has been years in the making. I urge all of my colleagues to support the conference report and help us send it to the President's desk. You will not regret it. Those who support this will not regret it. I think we ought to get rid of this hatred for Donald Trump that currently exists in this country and in this body. I think we should give the man a chance. He hasn't even been President for a year yet. Give him a chance. Even though he hasn't been President for a year yet, we have had some amazing changes in this country for the better, and I think we could have many more. What really interests me is that Donald Trump, 6 or 7 years ago, was working with Democrats as well as Republicans. He offered to work with the Democrats on these matters, and they have not taken up the offer. Instead, it is as though they are still bitter because he beat their candidate for President. I would like to have us get over that type of petty politics and see what we can do to work together. Heaven knows, on the Finance Committee, I believe we have good Democrats on that committee, as well as good Republicans, and I think we can work together. I have to say, I don't think we have as well as we should, but I think we can, and I am hopeful that we will. This is an important bill. It is a bill that really does need to pass. It is a bill that will help this country. It is a bill that will help the middle class. In fact, it is going to help everybody, but it will certainly help the middle class most of all. I hope our colleagues put aside their petty politics on both sides and come together to support this bill, which literally can help save this country an awful lot of pain over the next number of years and give the government the kinds of resources that it needs to be able to do what the Federal Government needs to do for its people. I think we can. People in this body know that I have spent years here. I am the most senior Republican. I have been here longer than any other Republican that I know of, and I have the legislative record to back it up--a record that has included working with Democrats almost every step of the way. I am offering to make sure we work together, but I haven't seen it on the other side. Can they get over the bitterness they have? We heard this loudmouth in the Gallery who has no good sense and a total lack of etiquette and a total lack of respect for this government and this Senate. If I were on his side, I would be humiliated because he was just a big loudmouth who didn't mean a doggone thing. Unfortunately, I think there are more people like that who are so bitter that they will raise these types of issues without really trying to work together. I am one who has a reputation for working together. I am chairman of the Finance Committee. I have enjoyed my work with the distinguished Democratic leader on the Finance Committee, Senator Wyden. I care for him. I care for the other Democrats on the committee, as well as all of our Republicans. We work pretty well together. It is getting harder and harder to work together when all we see are screaming and shouting because they can't get their way because they are no longer in the majority. I hope they get over that, and I hope they start working with us. If they will, we can do an awful lot of good things for this country, and we can bring people together across this whole country-- people who right now are divided because they don't know what to do. They see us screaming and shouting around here and a total lack of willingness to get together. I would like to change it. I am open to changing it. This bill that we have is a very, very important bill, and we need to pass it. My friends on the other side need to realize that, and I hope we will get some of them to vote for it. They know it is right. Deep down, they know it is right. It might not be everything they like themselves. It is not everything I myself would like. But it is a doggone good bill, and it is something that could really help this country pull out of the mess that it is in. Mr. President, I yield the floor. The PRESIDING OFFICER (Mr. Johnson). The Senator from Georgia. Mr. ISAKSON. Mr. President, am I next? I see the distinguished Senator from Washington on the floor. I ask unanimous consent that after I speak, she be recognized to speak. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. ISAKSON. Mr. President, I would like to take a moment to commend Senator Orrin Hatch. I listened to the debate over this bill not just today but for the better part of 3 years I have been a member of the Finance Committee. I have never heard a more dignified, deliberate, intelligent delivery on any subject than we all just heard from Orrin Hatch on the tax bill. Regardless of your politics, regardless of where you are from, it is good to know that America has dignified statesmen like Orrin Hatch to take the tougher issues, simplify them, get people to join hands, work together, and pass what is right for the American people. I am glad the American people are going to get to see that over the next couple of days. I publicly want to thank Senator Hatch for all he has done and all I know he has done in Washington during the last 3 years. In the 3 years on this committee, I have seen us--Republican and Democratic committee and subcommittee alike--work on every facet of the Tax Code to try to simplify changes down to doable amounts and doable jobs. I have seen everybody have input. I have seen everybody work together. Sure, we have had differences. Senator Hatch has always kept the mainstream there, kept his hand on the tiller, and saw to it that we never lost sight of doing what we need to do, which is to reform our Tax Code. I want to commend Senator Hatch and Senator Enzi, as well, for the work they have done on the Budget Committee to get us to this point and the unsung heroes that all of us know about, our staffs, whom we cannot do without. Jay Khosla and Mark Prater on the Finance Committee have been outstanding and have made this thing work, and I commend them for their work. On my staff, I could not have done what I have done without Amanda Maddox, Trey Kilpatrick, Monica McGuire, and Jay Sulzmann, who have all worked hard to see to it that we made the right decisions for the right reasons for the people of Georgia. I am very proud to be a part of this Senate today and of what is going to prove to be a historic day in the future. There are a lot of naysayers saying that this is not going to work. There are a lot of people who have come up to me today and have asked questions that have bad connotations to them. Yet I want, for just a minute, to talk about what I think this tax bill really means for the American people--for the folks who voted for me to represent them--and for what is going to happen in the years ahead. I had a reporter stop me today while I was coming up to the floor. He asked: Senator Isakson, where are you going to find the $1.478 trillion that you all are costing us by passing this tax cut? I said: First of all, we have not lost the money. Second of all, that is a static score. Third of all, I will be willing to bet you that we will take in a lot more money because of our having a dynamic economy than we will ever lose with a single tax cut. There are some people whose thought process is one of tunnel vision. They can't see outside the blinders. They don't understand that tax policy drives economic decisions. There are companies that in the last few years had been thinking about leaving America because of our tax rate that are now deciding to stay because of the new change. Don't underestimate the power of the territorial tax change that this makes for American business. A lot of CEOs who go to their annual stockholder meetings for C corporations in America have to go with a [[Page S8094]] game ***plan*** to raise the return on their stocks in order to have people invest in their companies. Unfortunately, the easiest way to raise the return on their stock today would be for a domestic American company to move their headquarters out of the United States to Ireland or to some other place that had a lower tax rate. If you put more money on the table for the stockholders, it will be bad for the country, bad for your company, and bad for the American people as jobs leave America. Now that we have a territorial system that we are going to, there is an incentive to stay in America if you are located there and to come to America if you are not. We are not going to have any more fast food companies that are buying doughnut makers in Canada and then moving their headquarters to Canada to get a lower tax rate. We are going to have a lot of new companies that will think about becoming doughnut makers and will do it right here in the United States because the new tax system we will have will be fair and equitable for economic development and building growth. On the personal side, you really cannot argue with doubling the standard deduction. You can't argue with doubling of the child tax credit. You can't argue with simplifying the tax process itself and the filing of taxes. You can't argue with lowering rates--having seven different rate categories that are all lowered. You can't really argue with all of that because you know that is better for the American people and their pocketbooks in the short run, but in the long run, it will be better for them and their children and their grandchildren in terms of employment. I have eight grandchildren. My oldest just graduated from college, and the youngest is 9. In the years ahead--and I hope that I will get to see a lot of them--they are going to get jobs, and they are going to work. They are going to raise their families. What we have done today is going to make it easier for them to find employment for their kids, opportunity to develop businesses, and peace of mind because they will live in a country that will be vibrant and true. For those who want to ask what we are going to do about the money that we are giving up, I don't deal with static scoring; I deal with dynamic scoring. When I ran a company for 25 years, I made investments where I knew I had a place to grow. I made business decisions where there was positive growth ahead if I made the right decision. This Tax Code--this change in the Tax Code, this opportunity that we have--does all of those things. Do I know exactly what is going to happen? No, but I am willing to bet--and I have bet my vote already in committee and will later on tonight on the floor of the Senate--on the American people and the American worker and the American entrepreneur. I will bet on their taking advantage of a tax code that is fair to them and that gives them a chance to expand their personal opportunities. I will bet on them that they are willing to move forward with a better tax code for all of the country. I will make my bet on them that they will want to see to it that their children and their grandchildren will have the opportunities that they have had as well. I thank Chairman Hatch for what he has done in the last 3 years to make this opportunity come about. I thank the distinguished Senator from Washington and the Senator from Alabama, whom, unfortunately, we are losing in the next few weeks, for what they have put in this legislation. I thank them for what they have done in their looking out for their people. Did we make any mistakes? Maybe, but you never make mistakes when you are trying to do the right thing. You never make mistakes when you are trying to do a good thing. You never make mistakes when you take a risk because when you take a risk, at the end of that rainbow is a reward. When you take a risk in lowering taxes, the greater reward is more jobs, more opportunity, and a better America for our children and our grandchildren. I thank Senator Hatch for his work and for all that he has done to make America a better country and, in particular, for giving us the chance today to make our tax system fairer for all of the American people. May God bless him. I yield the floor. The PRESIDING OFFICER. The Senator from Washington. Ms. CANTWELL. Mr. President, I come to the floor to speak about this legislation. At the outset, I thank my colleague from Georgia and the Senator from Utah for their work on the affordable housing tax credit. The Senator from Utah said: Let's work together. I stand ready to work with him on affordable housing in the future, and, hopefully, with the Senator from Georgia, we can make progress on what is a crisis in America. I come to speak in opposition to the legislation before us today, the tax reconciliation bill. One of the requirements of the legislation that I most ardently oppose is including the Arctic National Wildlife Refuge for oil and gas development. Basically, this bill pays for the tax cuts for corporations and millionaires by raising taxes on the middle class, undermining healthcare, and requiring oil drilling in one of our Nation's most iconic national wildlife refuges. Everyone should understand that a vote for this reconciliation bill is a vote that will go to the biological heart of the Arctic National Wildlife Refuge and require drilling. I believe that opening up the Arctic Refuge to oil drilling is being done as a supposed revenue raiser to offset the soaring costs of this tax bill for corporations and the wealthy, but the process that it went through is a sham. The Congressional Budget Office estimates that drilling for oil in the Arctic Refuge will raise less than $1 billion over 10 years. This doesn't even meet the $1 billion reconciliation instruction, and it certainly doesn't represent a serious offset to the huge deficits in the bill. To put this in perspective, less than seven one-hundredths of 1 percent of the $1.5 trillion increase in the national debt will be from this policy in this legislation. Drilling in the Arctic really has nothing to do with serious budgetary policy, but it has everything to do with evading regular order to pass something that could never pass in the regular order of the legislative process. In addition to drilling in the Arctic National Wildlife Refuge, this bill would sell 7 million barrels of oil from our Nation's ***Strategic*** Petroleum Reserve. A portion of that sale is simply to meet the reconciliation instructions--that is to say, to make this bill work. Yet the sale of oil from our petroleum reserve would also provide a $300 million windfall to four States--Texas, Louisiana, Mississippi, and Alabama. So this bill is selling off oil in order to pay for oil drilling in the Arctic National Wildlife Refuge. I do not believe that that makes sense. Under this sham process, the bill will turn one of our Nation's wildest and most pristine areas into an oil field. The Arctic National Wildlife Refuge is the largest refuge in our Nation and is one of the crown jewels for us in the United States for wildlife refuges. I believe it is a U.S Serengeti. We received a letter from Jane Goodall, who basically said: Around the globe so many indigenous people have been harmed in the name of ``progress''--let us not add one more tragedy to the list. We have other sources of energy. I ask unanimous consent that the entire letter we received from the Jane Goodall Institute be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: The Jane Goodall Institute, Vienna, VA, November 14, 2017. Dear United States Senator: It seems that each day brings ever more dire news about what we humans are doing to harm our planet, the animals that share it with us and, by doing so, harming ourselves also. You have an important opportunity to make a difference both now, and for future generations, by voting to oppose oil development in one of the world's most spectacular wilderness areas--the Arctic National Wildlife Refuge. This Refuge is a truly wonderful place--nearly 20 million acres of pristine and ecologically significant habitat. There is compelling scientific evidence as to why it is truly important to protect this place. For one thing, it provides key breeding habitat for the millions-upon-millions of birds that migrate there from six of our planet's seven continents. It is also a calving ground for the 200,000-strong Porcupine caribou herd. And it is one of the most important denning habitats on earth for polar bears. Moreover it plays a significant role in helping to protect us from the onslaught of climate change. [[Page S8095]] But the Arctic National Wildlife Refuge is more than that. Its very wildness speaks to our deeply rooted spiritual connection to nature, a necessary element of the human psyche. The Gwich'in people understand this and call the area ``The Sacred Place Where Life Begins''. If we violate the Arctic Refuge by extracting the oil beneath the land, this will have devastating impact for the Gwich'in people for they depend upon the caribou herds to sustain their traditional way of life. Around the globe so many indigenous people have been harmed in the name of `progress'--let us not add one more tragedy to the list. We have other sources of energy. And so I beg you: Please use your voice and your vote as a U.S Senator to protect the Gwich'in people and the American treasure that is the Arctic National Wildlife Refuge. America has helped lead the world in the conservation of wildlife and your voice has been so meaningful in this regard, your example so powerful. Please take this opportunity to demonstrate your commitment to the natural world and to future generations and stand with me to protect the Arctic National Wildlife Refuge. Please vote against oil development in the Arctic National Wildlife Refuge. Sincerely, Jane Goodall, DBE, PhD, Founder--the Jane Goodall Institute, & UN Messenger of Peace. Ms. CANTWELL. Mr. President, the U.S Fish and Wildlife Service, which manages the refuge, describes it as ``the only conservation system unit that protects, in an undisturbed condition, a complete spectrum of the Arctic ecosystems in North America.'' It is home to an incredible diversity of wildlife--47 different species of mammals, including polar bears, grizzly bears, wolves, Dall sheep, moose, musk ox, and caribou. The Arctic National Wildlife Refuge also provides important habitat for over 40 species of fish and more than 200 species of migratory birds. So why would we want to destroy this refuge? It was first established by the Eisenhower administration. Congress later protected this amazing Arctic area and its ecosystem in order to protect the wildlife and protect the habitat because of its incredible diversity. The Arctic National Wildlife Refuge is really known as the ``last great wilderness'' in our country, one of the great, last wild places, but this legislation turns that on its head. It would make oil and gas development one of the statutory purposes of the Wildlife Refuge, and under this legislation, this Refuge would become the only Refuge where oil and gas development is required by law. It opens up the entire 1.5 million-acre coastal plain for oil and gas exploration and requires the leasing of at least 800,000 acres. It requires the leasing of areas with the highest oil and gas potential, no matter the consequences for the wildlife or the environment. The bill requires that the Arctic National Wildlife Refuge be managed as a petroleum reserve, which is unprecedented, and it undercuts managing the Refuge for wildlife. The bill includes no clear requirements to comply with environmental laws or to protect wildlife. Its sponsors, however, say that they are not preempting environmental laws and that, in fact, laws like the National Environmental Policy Act will ``fully apply.'' Yet this bill undercuts those assurances of compliance with environmental laws by adding oil development as a purpose of the Arctic National Wildlife Refuge. Adding oil development as a purpose is contrary to the purpose of a wildlife refuge. The purpose of a wildlife refuge is to protect wildlife and to make sure that the managers of wildlife do so in a sound fashion. At every other wildlife refuge in the country, development within the refuge is only permitted to the extent that it is compatible with protecting wildlife. This bill tries to waive one of the most important management protections that applies to every other national wildlife refuge--that development must be compatible with protecting wildlife. They have to do this because they know that oil and gas development in the Arctic National Wildlife Refuge is not compatible. It is just the opposite. It is important to note also that this bill does not provide any energy security. There is no prohibition in the bill against exporting oil from the Arctic National Wildlife Refuge, and in all likelihood, much of the oil will be exported. In addition to opening up the Arctic National Wildlife Refuge to development, the bill also requires the sale of 7 million barrels of oil from the ***Strategic*** Petroleum Reserve to give $300 million, as I mentioned earlier, to several States--Texas, Louisiana, Mississippi, and Alabama. So at the same time as we are being told that we must ruin a national wildlife refuge because we need the oil, we are selling oil out of the ***Strategic*** Petroleum Reserve. It does not make sense for America. It just doesn't add up. The impact of oil and gas exploration in the wildlife area and the danger to our wildlife cannot be overstated. The Arctic National Wildlife Refuge's coastal plain and nearby waters are designated as critical habitat for polar bears, which are listed as a threatened species under the Endangered Species Act. Female polar bears head to the Arctic Refuge's coastal plain so that they can create snow dens, where they give birth to their young. The Arctic National Wildlife Refuge has a higher concentration of polar bear denning habitat than any other area on Alaska's North Slope. The refuge is also the summer calving grounds for the porcupine caribou herd. This herd's range extends into Canada, and we actually have a treaty between both of our countries to protect this herd. The almost 200,000-member herd has an annual migration of hundreds of miles--and in some cases, thousands of miles--wintering in the south of the Refuge. I think that this herd of caribou is so important because scientists say that it has an entirely different kind of migration pattern than other caribou in Alaska, that it has been adept at dealing with the adaptation that comes along with climate change. Why not, instead of ruining their habitat, study and understand this migration that has been studied since the 1950s? It has been part of our national investment in understanding wildlife. It has been supported by both Democratic and Republican administrations, to understand the science and background of this caribou herd. These caribou are an important food source for many Alaska Natives but in particular the Gwich'in people who live south of the Refuge. Wildlife biologists argue that the risk to the caribou herd and to those who rely on them could be quite significant. So why are we doing this? Why are we doing this? The last few years have been a difficult budget situation in Alaska. Relying on oil for 90 percent of the budget, I agree with many others, is unsustainable. Every dollar the price of oil per barrel drops, reduces the State budget by $30 million, or close to 1 percentage point per dollar. The general revenue fund in Alaska dropped over 80 percent after 2012, and that situation caused Alaska's $4 billion deficit projection last year. Difficult choices had to be made about taxes, savings, spending, and what the State government should do. Thankfully, their economy hasn't collapsed, but in the last big oil-driven recession in the 1980s, Alaska's banks failed, housing prices collapsed, and 15 percent of the population left. Why am I bringing this up? Because the good news is today's Alaska economy is more diverse than it was 30 years ago. I know this because I talk to my colleagues and because we are interacting in a lot of ways in the Pacific Northwest. Alaska is well known for its tourism. Two million visitors to Alaska spend $1,000 per person in the State, supporting a $7.3 billion outdoor industry. My colleagues here may not realize what my colleagues from Alaska and Washington know, and that is that the State of Alaska and Washington have a lot of interdependence. A recent study found that 113,000 jobs in Puget Sound are tied to Alaska's economy, and this number has doubled in the last 30 years. What are those jobs? One-quarter of those are in the seafood industry. Almost 1,000 commercial-vessel owning fishermen who work in Alaska's fisheries are part of the trade between us. The Alaska trade accounts for one in five containerized shipments through the Port of Seattle and the Port of Tacoma. Another 14,000 jobs are tied to passenger transportation to Alaska, including 430,000 cruise ship passengers who come through Puget Sound every year. That is just one way of saying the Washington-Alaska economies are tied [[Page S8096]] together, and as a hub for Arctic commerce, I have worked with my colleagues Senator Murkowski and Senator Sullivan on issues such as new Coast Guard Arctic icebreakers that are so needed for the future. I have supported more funding for demonstration ***programs*** for renewable energy and microgrids in an effort to help the local economy. I feel the same way about rural broadband across the Nation, and we want to make sure we are deploying and helping with everything we can to bring more connectivity to Alaska, but I really question how opening the Arctic Wildlife Refuge is a solution to these problems. Even under CBO's aggressive view, if leasing occurs in the Refuge, it will be many years before Alaskans see any significant revenue. So my colleagues should be aware that doubling down on oil by sacrificing one of the great wildlife refuges will not, in my opinion, help close Alaska's budget deficit, and it will not help them diversify for the future. This Arctic Wildlife Refuge is too special, too important. It is one of the crown jewels of our National Wildlife Refuge system. We should be preserving it. We should not be destroying it. We should not be turning it into an oilfield. I am reminded that many people over many decades have fought for this great area of our country, to maintain its environmental stewardship, starting with Olaus Murie, who went there and did great explorations and convinced many people here in this Washington that it was something so special and worth preserving. After decades of his scientific exploration in Alaska, Olaus testified in 1959 in support of creating the Arctic Wildlife Refuge. He said: ``We long for something more, something that has a mental, a spiritual impact on us. This idealism, more than anything else, will set us apart as a nation striving for something worthwhile in the universe.'' So what is setting us apart today? Some very short-term gains. In 100 years, when this economic tax bill will long be forgotten, the question will be whether something important in the universe still exists in the Arctic wildlife area. We didn't create the Arctic Coastal Plain, but I can state this: We cannot recreate it. What we are doing today is taking a step toward destroying it. I urge my colleagues to oppose this reconciliation bill. Do not sacrifice the Arctic Wildlife Refuge to oil development. Don't take one of the great, wild, pristine places on this planet and turn it into an oilfield. We can do better as a nation. I know we can do better as a region, and we can do better with a better Arctic strategy for our Nation's future. I yield the floor. The PRESIDING OFFICER. The Senator from Massachusetts. Mr. MARKEY. Mr. President, thank you, and I thank the great Senator from Washington State for her leadership on this incredibly important issue. If this tax bill weren't terrible enough, it goes after one of the most beautiful places on Earth, the Arctic National Wildlife Refuge. Drilling in the Arctic National Wildlife Refuge is nothing more than a Big Oil polar payout. This isn't about drilling oil; it is about drilling for votes. This isn't about crude oil; it is the crudest of politics. We now have 41 cosponsors of my legislation with Senator Bennet to permanently protect the Arctic Refuge by designating it as a wilderness. That is enough to sustain a filibuster, and that is precisely why they are circumventing the normal legislative process by including it as a rider on a tax bill. In reality, drilling turns this pristine wilderness into an industrialized wasteland. The Coastal Plain is the biological heart of the Arctic Refuge, and allowing oil and gas drilling would drive a stake right through the heart of it. We are currently sending nearly 1 million barrels a day of American crude oil overseas, but Republicans and the their oil industry allies are saying we need to allow drilling in the wildest place left in America so we can export even more oil to China and other foreign nations. It is an abomination. It is a disgrace. Drilling in a wilderness area in order to send oil to China--it is a disgrace. If the Republicans persist in passing this monstrosity of a tax bill and pass this Big Oil polar payout, they are the ones who are going to be left out in the cold in 2018. If the Republicans want to see what real wilderness looks like, they don't need to travel to the Arctic Refuge, the wilderness is about to come to them. They are about to be sent deep into the political wilderness if they pass this tax scam legislation. If the Republicans are successful in ramming through the Arctic drilling rider in the dead of night, we will never give up. We will keep fighting because the Arctic Refuge should forever be the home for caribou, not crude; bears, not barrels of oil; sandpipers, not pipelines. We will never stop fighting. They may win tonight in the dark of night, but this fight is not over. This is a crime against the environment which is being committed here tonight. We do not have to sacrifice this wilderness. We are exporting oil out of our country--exporting it. We don't have to go here. Export more oil, and that is where it is going? It is just wrong. Just remember that this is all a part of the so-called Republican reconciliation process. Now that we have the final product, that process is being exposed as the giant con game it truly is. The key phrase in reconciliation is ``con.'' It is a con job. The whole thing is nothing more than a masquerade, a Trojan horse in order to get a tax cut for the upper first percentile. It is a con job. The polling in our country says the American people are not buying it. They are seeing right through it--through all the political noise, all of the incredible distractions, all the red herrings. The American public knows this is a tax break for the wealthiest people in our country and not for the middle class. Republicans are not even trying to hide what they are doing anymore. They are moving ahead with reckless speed to pass this disaster of a bill in the middle of the night, so that is why we will all be back here in a few hours, yet again, voting in the dead of night on a 500-page bill that has no hearings, no amendments, no real debate because that is the only way you can get a tax break for the upper first percentile and the wealthiest corporations in the country while trying to market it as a tax break for the middle class, when they know it is not. They know it, by the way. They know what they are doing. It is the height of irony that we will be here tonight ramming through legislation before the Senator-elect from the State of Alabama can be seated. Just 8 years ago, Republicans called on Democrats to stop progress on the Affordable Care Act until Senator Scott Brown was sworn in. They said at the time: Stop progress. Don't do anything. We need to wait for Scott Brown to show up. Back then, Democrats listened to those calls, but when Doug Jones gets elected, it is just put your foot to the accelerator, move as fast as you can, no hearings, no anything, and Alabama will not be represented with their new Senator out here. Back then, Democrats actually listened to those calls, and today our concerns are completely ignored by the Republicans, all so they can continue playing their con game on the American people. The American people are waking up to the fact that they have been sold a bill of goods. They are seeing that this ***plan*** is simply a Trojan horse of giveaways to the wealthy corporations and Republican political donors. What are some of those giveaways? Front and center is the massive cut in tax rates for megacorporations. We know this will not create jobs or trickle down to their employees because we have tried it before. In 2004, we gave a massive tax holiday for huge corporations on the money they held overseas, but the 15 companies that benefited the most from those giveaways cut more than 20,000 jobs and decreased their research spending. Mark Twain said: ``History doesn't repeat itself, but it does tend to rhyme.'' This tends to rhyme. The tax cuts in this bill are even more egregious. Corporate tax cuts flow to CEOs and stockholders. Those stockholders are not all American taxpayers. Foreigners hold 35 percent of U.S corporate stock. That means the Republican tax bill is a giveaway of $48 billion to foreigners in 2019 alone. Think about this. The Republicans can find $48 billion to give away to foreign shareholders but in the same bill raise taxes on millions of middle-class [[Page S8097]] families. By 2027, this bill will raise taxes on over 53 percent of American households. At the same time, a full 83 percent of the tax cuts will flow to the top 1 percent of Americans. So the more the American people see what is in this bill, the more they realize they will have to foot the bill, and the American people are saying ``No way.'' New polls today show that over half of the American public opposes this bill; two-thirds of the people recognize that the bill will benefit the wealthy over the middle class; and, according to the polls, the only thing more unpopular than this tax ***plan*** is President Trump himself. But the Republicans will push ahead anyway since this is all part of the bigger con game. When these tax giveaways pass, the deficit will explode by over $2 trillion. Republicans aren't even waiting for those deficits to become reality before using them as an excuse to move to the next phase of the con game. They are already using future deficits to justify a brutal, vicious cut to ***programs*** for the poorest, for the sickest, for the neediest people in our country. Earlier this month, Speaker Ryan said, ``We're going to have to get back next year at entitlement reform, which is how you tackle the debt and the deficit.'' We know exactly what Republicans mean when they talk about entitlement reform. They mean taking a machete to the ***programs*** that working and middle-class families in America rely upon. Republicans want nothing more than an excuse to slash Medicare and make it harder for Grandma to buy her medicine. They want the ability to gut Medicaid because, in their opinion, healthcare is only a right for the wealthy. They want to cover their historical enmity toward Social Security so that they can steal benefits from every American who has paid into that system, and they are doing this because the modern Republican Party has a sacred obligation to their donors--to the Koch brothers, to the massive corporations that help fund their campaigns. They promised them tax breaks, and it will be average working families who will end up footing the bill. When the bill becomes due, the American people will not forget who sent it to them. Here we are at the end of the year. We have truly important issues to address. We need to fund healthcare for 9 million children, ensure that community health centers can keep the lights on, secure the dreams of 800,000 young Dreamers, and combat the crises that American communities face from opioids and natural disasters. Sadly, we are doing none of those things. Instead, we are looting America's middle class to give away massive amounts of money to the rich, which will then create deficits, which will then have them going after Medicare, Medicaid, and Social Security--Grandma and Grandpa, who built this country. That has always been their ***plan***. They have an ancient animosity toward all of these ***programs***, and now they believe they can leave them as debt-soaked relics of what they are today by creating this huge debt in this tax bill and then turning on the very ***programs*** for the very people who made this country what it is today. I urge a ``no'' vote on this bill. It will go down in history as one of the worst single pieces of legislation ever to be considered by the U.S Senate. The PRESIDING OFFICER. The Senator from South Dakota. Mr. THUNE. Mr. President, relief for Americans is on the way. This evening, we will vote on the first comprehensive overhaul of our Tax Code since 1986. In 1986, I was a young Senate staffer. I watched as that tax bill passed on the floor of the U.S Senate. I was a 25-year- old staffer back then. In a couple of weeks, my wife and I will welcome our third grandchild into the world, so it seems only fitting, after 30 years, that we go about the business of reforming the Tax Code because a lot has changed in this country. A lot has changed in this country in the past 30 years, but the one thing that hasn't changed is the Tax Code. Our Tax Code needs to be updated and modernized to reflect the times in which we live. Since President Reagan signed the last overhaul into law, our Tax Code has ballooned into an unwieldy, complex maze that costs American taxpayers an incredible amount of time and money and acts as a drag on economic growth and job creation. I will say that when I was elected to the Senate, I came here, as most of us do, wanting to do big things. We want to do consequential things. We want to do things that will impact the American people in a beneficial and a positive way, and that is certainly the case with tax reform. I sought to get on the Senate Finance Committee for that reason. The Senate Finance Committee has jurisdiction over tax, trade, healthcare, and issues that really impact and affect the American people's everyday lives. In 2011, I had the good fortune of getting on the committee, and ever since that time we have been working aggressively, ***planning*** for this very day. The suggestion by our colleagues on the other side that somehow this cropped up all of a sudden, overnight, is absolutely inconsistent with the facts. Since I got on the Finance Committee in 2011, we have had no fewer than 70 hearings on tax reform and tax- related issues. In 2015, the chairman of the committee, Senator Hatch, created five working groups. I was fortunate enough to chair one of those working groups. They were bipartisan, and they were tasked with looking at all aspects of the Tax Code, broken down into five different sections, and making recommendations for tax reform. We went about that in a very diligent way. We spent weeks and months developing ideas, reported those recommendations to the full committee, and those recommendations today serve as the foundation for the legislation we are considering. That was a bipartisan process, and the Democrats participated in that. A lot of the suggestions are bipartisan ideas. The foundation for this legislation frankly, in many respects, originated with those working groups that were worked upon by both Republicans and Democrats. So we stand here today with a piece of legislation that has a lot of bipartisan substance in it, even though the Democrats have refused to participate in the process. We started out with two major goals on tax reform. One was to put more money in the pockets of hard-working Americans and to create a tax code that would foster economic growth and make American companies competitive again in the global marketplace. Those are the two goals. The bill before us today--the Tax Cuts and Jobs Act--succeeds on both fronts. The bill provides immediate, direct relief for hard-working Americans, starting next month. It lowers tax rates for Americans in every income bracket. It nearly doubles the standard deduction, simplifying the code, meaning that fewer people will have to itemize. Across the country, it varies State by State, but, on average, less than one-third of the people across the country itemize today. Well, this will reduce that number even further. Less than 10 percent of the people in this country will have to itemize because of the doubling--or near doubling--of the standard deduction. It doubles the child tax credit and significantly increases the refundable portion of the credit, which will provide important additional help for low-income families, and it maintains the earned-income tax credit. All of this means that American families are going to see a significant drop in their tax bills for next year. Just as a case in point, a family of four with a combined annual income of $73,000 per year will see a tax cut of over $2,000, and that represents a 58- percent reduction over what they are paying today under current law. If you are a single parent with one child and have an income of $41,000, you are going to see a $1,300 reduction in your taxes, which represents a 73-percent reduction over what you are paying today under current law. So the idea, as has been advanced by the other side, that somehow middle-income taxpayers don't benefit from this is absolutely false. It is inaccurate because these are objective facts. A doubling of the standard deduction, a doubling of the child tax credit, and a reduction in rates mean that people in all income groups are going to see significant tax relief. Just to put a fine point on that, this is based on the latest analysis by the Joint Committee on Taxation. They assess and look at how these proposals will translate in terms of income groups and who gets impacted by that. [[Page S8098]] I want to point out that if you look at income by level here-- different groups and their incomes--as you can see, every income group receives a significant tax cut. In fact, lower income Americans receive the largest tax cuts, and that, again, is according to the Joint Committee on Taxation. The point made earlier by my colleague from the other side was that somehow this was going to be a huge tax shift in terms of who is going to pay taxes after all this is said and done. Well, if you look at the tax burden--and by that I mean who pays taxes in this country, the share of taxes currently borne by each different income category--as you see from this chart, which is broken down by quadrant, 25 percent of the filers are in this category, 25 percent in this category, and 25 percent with $50,000 to $100,000 in income, and then the final quadrant of 25 percent is those making $100,000 and above. Well, if you look at those in the lower income categories--and this is according to the Joint Committee on Taxation--their share of the tax burden relative to what it is today is actually the same or lower. So those in lower income categories, those making $20,000 to $50,000 a year--and that represents about 25 percent of filers today-- pay 4.3 percent of total taxes in this country. After implementation of the bill, they will pay 4.1 percent of total taxes in this country. Their overall tax burden will have decreased after passage of this legislation. If you take the next category, from $50,000 to $100,000, they pay today, under current law, 16.9 percent of the total tax burden in this country. After this legislation has passed, they will be paying 16.9 percent of the total tax burden in this country. What about those making $100,000 a year and more, which represents about 25 percent of all filers? Well, according to the Joint Committee on Taxation, on which these distribution tables are based, those in that income category who are paying today 78.7 percent of all the taxes in this country--after this is passed, they will pay 79.1 percent. So their overall tax burden actually goes up after this legislation is passed and enacted into law. Interestingly enough, this is the most recent analysis by the Joint Committee on Taxation. This is the distribution table that they just put out. The category that has the biggest increase in terms of overall tax burden is those making a million dollars a year and more. Today they pay 19.3 percent of all the tax burden, all the tax liability in this country. After this is all said and done, they will pay 19.8 percent. So their taxes--those with a million and more--are going up under this legislation. So this idea--they keep saying it on the other side, but just because they keep saying it doesn't make it true. The facts tell a completely different story. These are the facts. Again, I have come back to the point I made earlier; that is, let's put it into language that people in this country understand. When they do their taxes, they are going to see a doubling of the standard deduction and they are going to see a doubling of the child tax credit. If you are a family with kids in this country, that means that for every child you have, instead of getting a $1,000 child tax credit, you will get a $2,000 child tax credit. Couple that with the lower rates--and the marginal rates are going to be a 10- percent rate, a 12-percent rate--and where those kick in at different brackets, you are going to see a significant reduction in taxes across all income groups. That is just the reality. I think it is important that we at least, as we are talking about this subject, talk about it in terms of the facts. The Tax Cuts and Jobs Act also preserves elements of the current Tax Code that have been working for Americans. Under this bill, homeowners and those aspiring to own a home will still be able to deduct their mortgage interest if they itemize on their taxes. Individuals who donate to charities, to churches, and educational institutions will still be able to claim those contributions as an itemized deduction. Working Americans will retain all the current options for saving for retirement, from individual retirement accounts to the various types of employer-provided retirement ***plans***, like 401(k)s. This bill also provides families with permanent relief from ObamaCare's burdensome individual mandate, which is a tax on lower income Americans. Under the Tax Cuts and Jobs Act, Americans will no longer be required to buy health insurance that they don't want and can't afford or face significant financial penalties, which today disproportionately fall on those who make less than $50,000 a year. This bill also restores the deduction for major medical expenses to where it was before ObamaCare. For this year and next, Americans facing the burden of significant medical expenses will once again be able to deduct any expenses that exceed 7.5 percent of their adjusted gross income. I hope that eventually we will be able to make that change permanent. That is not all this is going to do. This is not just going to help Americans now; it is going to help them for the long term. It is going to give them access to the kinds of jobs, wages, and opportunities that will set them up for a secure future. How does it go about doing that? By rebuilding our broken Tax Code into a modern tax system designed for a 21st-century economy. In order for individual Americans to thrive, American businesses need to thrive. Thriving businesses expand. They hire new workers. They can afford to offer those workers higher wages. But our current Tax Code has not been helping businesses thrive. On the contrary, it has been strangling businesses large and small with high tax rates and provisions that discourage growth and drive those good-paying jobs overseas. Plus, our outdated tax structure has left American businesses at a competitive disadvantage in the global economy. This legislation changes all of that. This bill lowers tax rates across the board for small and medium-size businesses, farms, and ranches. It provides a 20-percent deduction on passthrough income, reducing the top effective tax rate on this income to no more than 29.6 percent. It permits businesses with gross receipts of up to $25 million to use the cash method of accounting and to expense their inventory costs. It allows businesses to expense new investments in machinery, equipment, and building improvements. And it expands the amount of startup and organizational expenses that new businesses can write off up front, freeing up cash flow to get the business up and running. Accelerating businesses' ability to recover the money they invested in things like property, equipment, and inventory will encourage new business growth and help existing businesses--including farms and ranches--expand their operations, create new jobs, and grow the economy. The bill also helps family-owned businesses, farms, and ranches by providing substantial relief from the death tax. I would have preferred to eliminate what I think is a confiscatory tax once and for all. But in this legislation, we double the current exemption to over $11 million, and by doing that, this bill will take a vast majority of family-owned businesses, farms, and ranches out of the tax's crosshairs. Too many of these businesses have wasted tens of thousands of dollars a year on costly estate ***planning*** simply to avoid the death tax and preserve that family business for another generation. That is money that these individuals would rather be investing in their businesses and their workers. This legislation allows these businesses to save critical capital for their businesses instead of forcing them to spend it to protect themselves from the heavy hand of the government. In addition to improving the playing field for small businesses, the Tax Cuts and Jobs Act will boost our economy by lowering the tax rate for larger businesses. Right now, America's global businesses pay the highest corporate tax rate in the industrialized world. By reducing the corporate tax rate to 21 percent, this bill will allow American businesses to compete and win in the global economy. Just as important, this bill brings the U.S international tax system into the 21st century by replacing our outdated worldwide tax system with a territorial tax system so that American businesses are not operating at a disadvantage next to their foreign competitors. We haven't talked a lot about this, but one of the most important reforms in this bill is the changes we make to [[Page S8099]] the international tax system. This bill also eliminates the incentives in our current Tax Code that encouraged companies to shift jobs, profits, and manufacturing plants overseas. This bill makes it easier for American businesses to bring home foreign earnings to invest in growing jobs and paychecks in our local communities here in America. Lowering the corporate tax rate and transitioning to a territorial tax system will boost wages, jobs, and opportunities for American workers employed by our Nation's global companies. It will also increase wages, jobs, and opportunities for workers at the countless small and medium-sized businesses throughout our country that make up the supply chain for America's global companies. That is a resounding win for American workers and businesses and for our economy overall. As I said earlier, this bill is the product of literally years of work by Members of both parties. I am excited to be here as we get an opportunity to take this bill across the finish line later today. Mr. President, I yield the floor. The PRESIDING OFFICER. The Senator from Montana. Mr. DAINES. Mr. President, the Tax Cuts and Jobs Act will keep over $700 million per year in Montanans' pockets. That is not a number that I calculated; that came right from the Montana Department of Revenue. And that is just for the individuals in Montana. That $700 million will be moved from Washington, DC, back to the people of Montana. I can tell you something: Hard-working Montanans could use a pay raise. In fact, in Montana, we have some of the lowest per capita wages in the Nation. Contrast that with what is going on in Washington, DC. In fact, if you Google ``wealthiest counties in the U.S.A ''--I challenge you to do that. Take your smartphone and Google ``wealthiest counties in the U.S.A '' and look at what you find. The top three wealthiest counties in America are suburbs of Washington, DC. In fact, 6 out of 10 of those counties are counties adjacent to Washington, DC. Montanans don't need to send an additional $700 million of their money back to Washington, DC. In fact, according to the Montana Department of Revenue, nearly 99 percent of Montanans will see a tax cut under the Tax Cuts and Jobs Act. On average, Montanans will keep approximately $1,600 of their hard-earned money each year. Moreover, the Tax Cuts and Jobs Act repeals once and for all ObamaCare's poverty tax--the so-called individual mandate. This tax has systematically penalized the low-income for not being able to afford health insurance. Frankly, repealing this tax is one of the most compassionate things we could do as part of this legislation. Adding insult to injury, when you peel back what is going on with this poverty tax, 42 percent of those paying that poverty tax, that ObamaCare mandate tax, make less than $25,000 a year. In fact, 82 percent of the penalty payers paying this tax make less than $50,000 a year. Repealing this tax is the right thing to do. At the end of the day, the question here is pretty simple: Who deserves more money? Who deserves more control? Is it right here in Washington, DC, or is it the American people? Is it the people of Montana? I think the answer to that question is pretty easy. I believe Montanans do. So I will be voting for hard-working Montana families so they can keep more of their own money. As we debate what we should do with the cash here in Washington, DC, whose money is it anyway? It came from the people of this country. It came from the people of Montana. I will be voting for Montana Main Street businesses, for the hard-working middle class of Montana so we can grow wages--some of the lowest in the Nation--and grow jobs. I will be voting to return some of Montanans' hard-earned money back to the people who sent it here in the first place. Mr. President, I yield back my time. The PRESIDING OFFICER. The Senator from Vermont. Mr. SANDERS. Mr. President, a few moments ago, my friend from South Dakota was speaking about the bill. He made one statement that I do agree with, and that is, just because you say something over and over again does not make it true. Unfortunately, much of what he said is just not accurate. The truth is that what we are seeing today, in an unprecedented way, is the looting of the Federal Treasury. Today marks a great victory for the very wealthy campaign contributors who have contributed hundreds of millions of dollars over the years to the Republican Party. These billionaires will see a huge tax break for themselves at the same time as the deficit of this country is driven up by about $1.5 trillion. Today is also a victory for the largest, the most profitable corporations in America, companies such as Apple, Microsoft, Pfizer, and General Electric, which, despite recordbreaking profits, will now see hundreds of billions of dollars in tax breaks. At a time of massive income and wealth inequality, where the people on top are becoming wealthier while the middle class shrinks and 40 million live in poverty, this legislation--according to the nonpartisan Tax Policy Center--will provide 83 percent of the benefits to the top 1 percent, while increasing taxes on 92 million middle-class households by the end of the decade. Let me repeat that. By the end of the decade, this legislation will provide 83 percent of the benefits to the top 1 percent and, incredibly, 60 percent of the benefits to the top one- tenth of 1 percent, while, at the end of the decade, 92 million middle- class households will be paying more in taxes. Does anybody really believe that when we have such a massive gap in income and wealth inequality, we should be giving 60 percent of the benefits in this bill to the top one-tenth of 1 percent? It says a lot about the priorities of the Republican Party when the tax breaks for corporations in this bill are permanent, while the tax breaks for working families expire at the end of 8 years. Furthermore, I hope that every American is listening to what Speaker of the House Paul Ryan is saying, and other Republicans, when they talk about how they are going to offset the $1.5 trillion in deficits they just created by giving massive tax breaks to the wealthy and large corporations. What Ryan is saying and many other Republicans are saying is that they are going to come back and offset that $1.5 trillion in deficits by cutting Social Security, Medicare, and Medicaid. And if I am wrong on that assertion, I would hope that some of my Republican colleagues would come down to the floor and say that I am wrong, but I do not suspect that will be the case. During his campaign for the White House, Donald Trump said over and over again to the American people, quote after quote, day after day, that he would not cut Social Security, Medicare, and Medicaid. Well, I say to the President: For once in your life, keep the promises that you made, and tell the Republican leadership now that you will veto any legislation that cuts Social Security, Medicare, or Medicaid. I suspect we will not be seeing a tweet from the President on that issue. Moving toward passing this very unfair piece of legislation, the Republican leadership--which controls the House and the Senate--will move soon to shut down the Congress and head home for a holiday break. After massive tax breaks for the rich and large corporations, they believe their work is done, and they are ready to head home. Well, I respectfully disagree. Maybe, just maybe, before Congress adjourns for the holidays, we should start paying attention to the needs of the working families of this country, to the middle class of this country, and not just the billionaire class. We need to address the crisis that faces some 800,000 young people who are currently in the DACA ***Program***. Without the legal protections afforded by the DACA ***Program***, these young people today are living in constant fear and anxiety that they may lose their legal status and, in fact, be deported from the only country they have ever known. Imagine somebody who is 20 or 25 years of age, has lived in the United States virtually his or her entire life, went to school here, now has a job, now is in college, now is in the military, and because of Trump's disastrous attack on DACA, repealing DACA, 800,000 young people are worried about whether they are going to be able to even stay in this country. [[Page S8100]] The American people are very clear about how they feel about this issue. I believe just today there was a Quinnipiac poll that appeared on this very issue, and this was the question: Which comes closest to your view about undocumented immigrants who were brought to the U.S as children? A) They should be allowed to stay in the United States and to eventually apply for U.S citizenship. B) They should be allowed to remain in the United States, but not be allowed to apply for U.S citizenship. C) They should be required to leave the U.S That was the question asked of the American people. Here is the answer. Seventy-seven percent of the American people--77 percent--say that these young people should be allowed to stay in the United States and move toward citizenship. Seven percent say they that should stay in the United States but not gain citizenship. Twelve percent say that they should be forced to leave the United States. Republicans, by overwhelming numbers, say that these young people, these Dreamers who have spent their entire lives in this country, who know no other country, should be allowed to stay in America and apply for citizenship. Ninety-one percent of Democrats say that, and 81 percent of Independents say that. As we speak, young people are losing their legal status. We have to act on that and act on that now, before we adjourn for the holidays. Put yourself in the place of a 20-, 25-year-old person living in extraordinary anxiety. We have to act now to address those concerns. We have to do what the American people want us to do. As I think most people know, the Koch brothers are the major funders of the Republican Party. They have probably given billions of dollars over the years. Even Charles Koch acknowledges that the right thing to do is to provide legal status for the Dreamers. Let me quote from a recent op-ed in the Washington Post by Charles Koch and Tim Cook, the head of Apple: The United States is at its best when all people are free to pursue their dreams. Our country has enjoyed unparalleled success by welcoming people from around the world who seek to make a better life for themselves and their families, no matter what their backgrounds. It is our differences that help us to learn from each other, to challenge our old ways of thinking and to discover innovative solutions that benefit us all. To advance that prosperity and build an even stronger future, each successive generation--including, today, our own--must show the courage to embrace that diversity and to do what is right. We have no illusions about how difficult it can be to get things done in Washington, and we know that people of good faith disagree about aspects of immigration policy. If ever there were an occasion to come together to help people improve their lives, this is it. By acting now to ensure the dreamers can realize their potential by continuing to contribute to our country, Congress can reaffirm this essential American ideal. This is from Charles Koch. He funds the Republican Party. They might want to listen to him as well. But it is not just the need to address the crisis facing our Dreamers. As you know, community health centers providing health insurance, healthcare, for 27 million people have not been reauthorized or refunded. We have to address that issue, and we have to address it now. Nine million children are in the Children's Health Insurance ***Program***. While we are busy giving tax breaks to billionaires, we have not had time to reauthorize a health insurance ***program*** for the children of this country. We should be ashamed of ourselves. We have disaster relief out there. Folks in Congress will go home to celebrate the holidays, and will light up our homes. In Puerto Rico and the Virgin Islands, they can't light up their homes because many of them still don't have electricity as a result of the recent disasters they have experienced. We need to do disaster relief. We need to do it now for the people of Puerto Rico, for the people of the Virgin Islands, for the people of Texas, and for the people of Florida. There are 1.5 million workers who are about to lose the pensions they were promised, and those pensions, after a lifetime of work, will be reduced by 60 percent if we don't address the multiemployer pension ***plan*** crisis. We have to do that. Over 40 million people in this country are dealing with student debt. They leave college deeply in debt. Many of them are in despair because of their financial situations--because of their outrageous levels of student debt. We have to address that. We have an opioid epidemic that is killing people from coast to coast. We have to start investing in treatment and prevention. We have 30,000 vacancies in the VA today. Our job is to make sure that every veteran in this country gets the quality healthcare he or she needs. They don't get it with 30,000 vacancies in the VA. We have to invest in the VA. There were 10,000 people on disability who died last year while waiting for the Social Security Administration to act on their applications; 10,000 people died last year because the Social Security Administration is greatly understaffed--massive cuts to the Social Security Administration. The elderly and the disabled in this country are entitled to have prompt process when they apply for benefits. They are not getting that. We have to pay attention to that, and on and on it goes. The bottom line is that the U.S Senate should be doing more than providing 83 percent of the benefits in a tax bill to the top 1 percent. We cannot go home unless we address the very serious crises facing the working families and the middle class of this country. With that, I yield to my colleague from Oregon. Mr. WYDEN. Mr. President, I thank Senator Sanders. I want to pick up for a moment on his eloquent points and then pose a question to him about what we will be doing here in a few minutes. Senator Sanders has eloquently spoken to the needs of the American people, our veterans, the Dreamers, the disasters. Those are bipartisan efforts. Mr. Crapo and I want to fix the broken system of fighting fires. Senator Sanders mentioned children's health insurance. This bill borrows $1.5 trillion and is going to end up borrowing a lot of it from foreign interests. That would fund the Children's Health Insurance ***Program*** for 915 years. So what the Senator from Vermont is doing is saying: Look at all the constructive areas where we can really meet the needs of the people, and, instead, we are working on a tax bill that is going to betray the middle class. It is going to betray the middle class, and in my view, as the distinguished Senator from Vermont and I have discussed, this bill--this tax bill--is a textbook case of writing legislation in an undemocratic way, in a secret way, with provisions that were airdropped for lobbyists into this legislation in the middle of the night. Senator Sanders and I were part of the so-called conference committee last week where we didn't even have the relevant bill in front of us. We were asking questions about bills that really didn't exist. Mr. SANDERS. If I could ask my colleague from Oregon a simple question--he is the ranking member of the Finance Committee. This is a bill that deals with trillions of dollars in our entire economy. Mr. WYDEN. $10 trillion. Mr. SANDERS. It impacts every person in America. Would he mind telling the American people just how many public hearings there were to hear from economists, to hear from the business community, to hear from labor, to hear from senior advocates, to discuss this rather long and complicated bill? Mr. WYDEN. There was not one single hearing to discuss the specifics of the legislation before us today. The legislation before us today involves $10 trillion worth of changes in tax policy. Our colleagues on the other side trumpet this idea that there were 70 hearings. I think what they are talking about is that over the years, people would come in and talk about this idea or that. Mr. SANDERS. Talk about taxes in general---- Mr. WYDEN. Right, that is correct. But there was not one single hearing with respect to the specifics of the bill. I would like to turn, if I could, to this work that my colleague--and I am happy to have partnered with him--has played such an important role in; that is, the consequences of all this reckless haste and secretive process, which he and I have been working on. In my view, it is really is legislative malpractice. We have a bill that is full of mistakes that are going to have unintended consequences, opening many new loopholes for the wealthy and crafty accountants and lawyers. [[Page S8101]] The Senator and I have been working to try to weed out of this legislation violations of what is called the Byrd rule, which, in English, basically means you can't stuff provisions into a bill that really don't deal with tax and spending. By my count, the Senator and I have already pushed that there are more than 20 Byrd rule violations that had to be corrected. Before I ask my question, I just want to give people a little bit of the idea of the work the Senator and I have been doing over the last few days. Late Friday night, we were able to remove a particularly offensive provision that would have turned some churches in America into partisan, political organizations. Specifically, there was an effort here to overturn what is called the Johnson amendment, named after Lyndon Johnson, that barred churches from endorsing partisan political activity with political candidates. The way that the bill was written--and the Senator and I fought to get it struck and were successful--it would have turned churches and sham charities into political machines where they could be conduits for billions and billions of dollars in dark money. Mr. SANDERS. Let me translate that into English. In other words, as I understand what the Senator is saying, billionaire campaign contributors could then legally put money into churches, which would then do the political work that they otherwise would have been doing. Mr. WYDEN. Absolutely. I think we need to tell America about this because we have won this round, but the Senator and I are going to be back at this fight with our colleagues again. In effect, this would have been Citizens United 2.0 This would have been another version of the push to have unaccountable, dark money--billions of dollars poured into elections through churches and sham charities. Turning to the question now of this evening, it looks to me as though we have now found several other Byrd rule violations that would seem to me to be further indications of rash and reckless legislating that does not serve the American people well. So I would wrap up by asking my colleague from Vermont--and I want to tell him it has been a pleasure to work in partnership with him on this--aren't these Byrd rule violations that we have been going after and that you are going to discuss again tonight, aren't these just a textbook case of what happens when you legislate with reckless haste? Mr. SANDERS. Absolutely. It is not only that mistakes are made; it is that when you don't open the doors to the American people, to economists, to mayors, to Governors, to businesspeople, and to leaders in the labor movement to see what do you want in tax reform--when you don't do that--and when you conduct your business behind closed doors, you end up with legislation that represents the needs of the billionaire class, which also makes a number of mistakes. In that regard, I would tell my friend that this afternoon, the Senate Parliamentarian advised that certain provisions of the Republican tax legislation violate the Byrd rule, including a provision allowing for the use of 529 savings accounts for home schooling expenses; the short title--the Tax Cut and Jobs Act--and part of the criteria used to determine whether the endowments of private universities are subject to the legislation's new excise tax. These provisions may be struck from the conference report absent 60 votes. With that, I raise the following points of order against the pending conference report: That subsection 11000(a) violates section 313(b)(1)(A) of the Congressional Budget Act of 1974; that subparagraph (B) of section 11032, starting on page 75, line 17 and all through page 76, line 9, violates section 313(b)(1)(D) of the Congressional Budget Act of 1974; and that the phrase ``tuition-paying'' as it appears on page 309, line 12, and page 309, lines 14 through 15, violates section 313(b)(1)(D) of the Congressional Budget Act of 1974. The PRESIDING OFFICER (Mr. Rubio). The Senator from Wyoming. Motion to Waive Mr. ENZI. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974 and the waiver provisions of applicable budget resolutions, I move to waive all applicable sections of that act and applicable budget resolutions for purposes of the conference report to accompany H.R 1, and I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The yeas and nays were ordered. The PRESIDING OFFICER. The waiver is debatable for 1 hour, equally divided. Who yields time? If no one yields time, the time will be equally divided. The Senator from Alaska. Ms. MURKOWSKI. Mr. President, I was proud to be a conferee for H.R 1, the Tax Cut and Jobs Act, and I am pleased to join many of my colleagues in strong support of the conference report for it. I think, really, the title says it all. This bill will deliver tax cuts and new jobs for hard-working Americans. I think it will be good for our economy, it will be good for jobs and for growth, and it will be good for families and our businesses. As a starting point, we have tax reform--a huge and a complicated undertaking that really happens once in a generation around here. It has been 31 years since we have successfully reformed the Tax Code. I think we would all say it is long overdue. This bill reduces taxes in every income bracket, letting Americans keep more of their money. It doubles the standard deduction to put even more money back in the pockets of hard-working Americans. It doubles the child tax credit, which is so important, making more of it refundable to help parents and our families. It helps our small businesses. In the State of Alaska, about 99.6 percent of the businesses in Alaska are small businesses, and it allows owners to do even more by being able to deduct 20 percent of their business income from their taxes. It also cuts our corporate rate, currently one of the highest in the world. We all recognize this is a move that is long overdue and one that will make us more competitive, help bring jobs back to this country, and increase investments in America. I support tax reform, and I am also very proud to be the lead author of the second title, the energy title, in this bill, which I believe contains the single most important step that we can take to strengthen our long-term energy security and create new wealth--creating new wealth--rather than moving things around. This has been long fight for us. It has been a fight that has been going on for about 38 years, give or take. It has been a multigenerational fight for some of us. What we are doing is authorizing a ***program*** for responsible energy development in Alaska's nonwilderness 1002 area. This is an area Congress specifically set aside for its evaluation for its potential for oil and gas. I have put a lot of charts about Alaska up, but here is Alaska laid over the United States of America, just to kind of put in context what we are talking about here with the 1002 area. The area of ANWR itself is an area of about 19.5 million acres. It is the combined size of Massachusetts, Rhode Island, Vermont, and New Hampshire, in this area, and in this portion of the State of Alaska. Contained within ANWR is additional wilderness acreage. There are about 7 million acres of wilderness contained in the ANWR area. I also want to remind colleagues who say we need to keep this 1002 area in a wilderness status--let me tell my colleagues, the 1002 was never in wilderness, is not in wilderness, and that is not what we are talking about here. We have 48 wilderness areas in the State of Alaska, with a total of about 56.6 million acres of designated wilderness in the State, but the 1002 is not wilderness. This is what we are talking about opening up for oil and gas exploration. This is an area--this small area up here--that contains an estimated 10.4 billion barrels of oil. We know we can ***produce*** it safely. We know we are going to need this oil in the years ahead. Now, some of my colleagues have suggested that somehow or other we don't need any more oil; that we are exporting oil now. Well, the reality is that world oil demand is rising; it is not falling. We need to bring more supply online, and we need to open up our most prospective areas. So, again, [[Page S8102]] when we have a small area that has enormous potential, why would we continue to deny that opportunity? The International Energy Agency believes--and they stated it this year: ``Global oil supply could struggle to keep pace with demand after 2020, risking a sharp increase in prices unless new projects are approved soon.'' So to suggest that somehow, just because we are exporting oil, we no longer need to ***produce*** it, just doesn't make sense. Exports are making our markets more efficient, but they don't mean we are suddenly more energy independent or permanently energy secure. Making sure we are doing more where we have high prospects makes sense. Our energy title also includes a bipartisan proposal from Senators Cassidy, Strange, and King that will increase revenue sharing for the gulf coast for priorities like coastal restoration and hurricane protection. Overall, the bill--our title--is projected to raise nearly $1.1 billion over the next 10 years. Once production begins in the 1002 area, we will likely raise tens, if not hundreds, of billions of dollars for the Federal Treasury. Again, this is new wealth and new prosperity at a time when our Nation needs both. Those are not the only benefits this energy title will bring. We are also talking about jobs--creating thousands of jobs--in Alaska and around the country; jobs that pay high wages, put food on the table, and put the kids through college. We are in a tough place right now in Alaska. We have the highest unemployment in the country. I appreciated the fact that my colleague from Washington talked about jobs and, in fact, noted that in the ties that bind the State of Alaska and the State of Washington, we do have a lot when it comes to sharing of jobs. I will remind my colleagues that when it comes to jobs, it is an estimated 12,000 Puget Sound jobs and $780 million in labor earnings that are connected with refining Alaska oil. So our jobs--our resource benefits not just us in Alaska but those around the country as well. What we are able to do by accessing this 1002 area also will help us keep energy affordable, effectively providing families and businesses with an energy tax cut. That, too, is important in context with this tax bill. We also protect national security by reducing foreign oil dependency, especially in west coast States. Ironically, California and Washington State, as they see less oil coming from Alaska, as our throughput is declining, what is happening is that, in order to keep their refineries going and their jobs continuing, they are having to import oil. Where is California getting more of their oil from? From the Middle East. Tell me how that makes any sense. I appreciate that colleagues come to the floor with a passion about our State, but know that as Alaskans and as an Alaskan who is the author of this title, none of what we are doing in this effort to open the 1002 area will come at the expense of our environment or the local people. Some of the local people are here in Washington to watch the vote today. Hearing the voices of those who live there--there is a town, there is a village, there are people, there is a school, there is an airport in the 1002 area--a town, residents, community. This is not an area that is untouched, but it is an area we care about. We care about the people, we care about the land, and we care about the wildlife, but we know how to ***produce*** energy while protecting our environment. We have been doing it for decades, and we will continue to do it going into the future. Thanks to new technologies, the footprint of our development up north is smaller than ever before. The amount of land that development pads occupy now on our North Slope is now 80 percent smaller than in the 1970s when we first began operation in Prudhoe Bay--80 percent smaller. At the same time, the subsurface reach from those smaller pads is going to be more than 4,000 percent larger than where we were in the 1970s-- more than 4,000 percent. What we are able to do is access more resources underground directionally in an area of 125 square miles. What the technology allows us to do is almost too hard for people to believe, and so they continue the same tired rhetoric we have heard for years. The fact is, we need less land to ***produce*** more energy than ever before. We are going to take care of our land. We are going to take care of the people who live on our North Slope. We are going to take care of the environment, and we will protect the wildlife on the Coastal Plain. The Central Arctic herd of caribou increased sevenfold in the years since we have been ***producing*** in Prudhoe Bay. That is the Alaskan way. That is what we do there. That is why we have written our language to be fully protective, and that is why we do not waive any environmental review process or consultation requirements with Alaskan Natives in any way. In fact, the only thing that we limit here in this bill is surface development. In this area of the 1002, in this 1.5 million acres, this provision, title II, says that 2,000 surface acres will be open--one ten-thousandth of all of ANWR. That is all we are seeking to do, and we will do it with care and concern for the environment. I have listened to colleagues say that we are destroying the Refuge, that we will turn it into an industrialized wasteland. I am offended, I am horrified, and it is wrong. It is wrong for those from the outside looking in, who have taken a nice trip into an area and said: This must be protected. Your jobs don't matter. That resource that we rely on for jobs in my State doesn't matter; we will get it from somewhere else. Well, where are you going to get it from? Why not work with people who are going to care for the land, care for the people, care for the wildlife, do it with a level of commitment to a resource and to a cause that is strong and sound? For those who come in and say they know best and their idea is to just lock it up, that is not right. For 40 years, Alaskans have stood up and said: That is not right. We will continue in our effort to demonstrate to the rest of the country and the rest of the world how we are able to operate, how we are able to be responsible stewards of the environment, to ***produce*** jobs, to help Alaskan people, to help the country, and to help our allies. This is what we are asking for. As I close my comments, I recognize that tomorrow is coming up on the shortest day. We have had some very short days in Alaska. It is pretty dark there right now. I was home over the weekend. With the passage of this bill and the long-awaited opportunity to access our resources in the 1002 area for the benefit of Alaskans and for the benefit of our country, the days ahead look brighter for all of us. Mr. President, I yield the floor. The PRESIDING OFFICER. The Senator from Rhode Island. Mr. REED. Mr. President, tonight, the Republican leadership intends to force a vote on their tax bill. President Trump has called this tax bill historic. Indeed, it will make history, but not for the right reasons. It is a historic transfer of wealth from students, seniors, and working families to the wealthiest corporations and individuals in America and, indeed, throughout the world. Historians and voters will look at the way this bill was written, in a rushed and sloppy manner, without thoughtful debate--indeed, we have to send it back to the House of Representatives so they can vote again--and with a reckless and willful disregard for facts and independent analysis. In forcing this massive restructuring of our economy through Congress, Republican leaders have permitted no real amendments and ignored every nonpartisan analysis of their bill that does not fit their worldview. As a result, this trickle-down tax bill is quite possibly the most fiscally irresponsible piece of tax legislation to have ever been railroaded through Congress over the objections of the American people. Some will say: Wait, what about the Affordable Care Act? Let me remind you, the ACA was paid for. It had to get 60 votes. It was on the Senate floor for 25 consecutive days. There was a full committee process, and Democrats accepted many Republican amendments in the House and in the Senate. That is not the case with this historic bill. The Trump tax will adversely affect my home State, Rhode Islanders, in so many ways. The temporary benefits will not cover the long-term damage [[Page S8103]] from this bill or offset the increased costs for things like childcare, education, healthcare, and housing. The reason the American people oppose this bill is simple--and they do oppose it--it forces the middle class to accept yet another Republican tax giveaway to corporations and the richest 1 percent with little or nothing for them. It also gives trillions of dollars in permanent tax cuts to corporations while raising taxes on over half of American families over the next decade. In doing so, it gives $48 billion to the foreign investors who own roughly 35 percent of American company stock. That is right. Many of these tax benefits will go through corporations by either dividends or stock redemptions to foreign owners, amounting to $48 billion to foreign investors. That is not putting the American working man and woman first; that is putting them at the end of the line. It makes the Tax Code more, rather than less, complicated and very clearly incentivizes and rewards multinational corporations that send jobs and stash money overseas. Moreover, special loopholes for passthrough entities will create a bonanza for tax lawyers and accountants and people figuring out ways to get out of paying their taxes. It will not help working men and women who come in and punch in every morning, work hard, and then go back to their families. It will not help them at all. And there is not a single respected economist or tax scholar on the left or right who concludes that this bill simplifies the Tax Code and pays for itself--not one. Republicans know all these facts. They have heard the public's objections, and they still ***plan*** to send this bill to President Trump for his signature. The President will try to tell the American people that his great political victory is a win for working people, but they see all the benefits going to his type of businesses--real estate passthroughs. In fact, at the last moment, the conference committee put in a special provision to make sure that real estate entities could benefit from this bill. That means President Trump's organization benefits from this bill. It is not fair. It is not wise. It is not good policy. The American people know this instinctively. They look at what is going on, and they see this as it is--a giant gift to the wealthiest corporations and individuals at the people's expense in so many different ways. The consequences of this legislation are going to be staggering and generational. We will not quickly overcome this historic mistake. The total abdication of fiscal responsibility in this bill is stunning. Adding trillions more to the deficit will put massive budget pressure on national defense, Medicare, Medicaid, Social Security, and other vital ***programs*** that keep our commitments at home and abroad. These are the ***programs*** that allow us to keep faith with the American people who sent us here and also to ensure that we are moving toward a more peaceful and prosperous world. For future generations facing an economic crisis, or the challenge of their time, or cyclical economic downturns that we cannot always foresee, those future generations will look back on this unnecessary tax giveaway and wonder why today's Congress was so irresponsible. In 2001, I was here, and I opposed the Bush tax cuts. At that time, however, we had an estimated $5 trillion surplus, and we didn't anticipate the 9/11 attacks. We were at a time where Russia was turning away from its Communist past to what we thought was a democratic future. China was just emerging as an economic power in Asia. It is a totally different situation today. We all know it. My colleagues on the other side know it. We are challenged by 16 years of war, which we have made no attempt to pay for, and we are putting our national security behind benefits for the wealthiest Americans that are enshrined in this bill, adding $1.5 trillion to pay for tax cuts for the most wealthy in this Nation and in the world. Many of the recipients of our largesse--Republican largesse--this evening will not be Americans. As I noted, a significant portion of American stock in our companies is held by foreigners. When stock buybacks take place--and that is what corporations have announced they will do--a huge amount of these tax cuts will go outside of the United States, and not help our economy. Maybe it will help some people buy expensive yachts overseas and expensive French Impressionist paintings, but it will not help working people in Pawtucket, RI, or Cranston, RI-- not at all. This is a bill that is full of loopholes that will be exploited for years to come. Indeed, we are already hearing rumors that we can expect more legislation to ``fix the bill.'' This would be different if we were talking about real tax reform-- real tax reform that benefitted the middle class, real tax reform that raised the earned-income tax credit, real tax reform that benefited people who work every day, wage workers particularly--but this bill doesn't do that. Real tax reform comes as a result of an open and bipartisan process. It is ideally revenue-neutral, like the 1986 law under President Reagan, which took a bipartisan consensus, which made major reform, and which is something that was not only procedurally but economically sound. I hope, going forward, that we can work together to prevent and undo the damage from this bill and enact real, responsible tax reform that boosts take-home pay, spurs job growth, closes loopholes, expands opportunity, and strengthens the long-term financial stability and security of our Nation. But that is not this legislation. One final point--this Monday, the President announced his national security strategy, his overarching vision of what will make this country safe, secure, and strong as we go forward. Part of that national security strategy is to reduce the debt through fiscal responsibility. My Republican colleagues are about to increase the debt through fiscal irresponsibility. This national security strategy isn't even 24 hours old, and it is being abandoned. It is being abandoned before literally even the pen is dry on the paper. When it comes to tax cuts, national security places far to the rear, and we know what is going to happen. As this deficit grows--and it will grow much larger than the $1.5 trillion that is projected--it will squeeze out spending. It will squeeze out defense spending, despite the efforts on both sides to try to increase support for the military. It is impossible to create a deficit of this magnitude and not see the consequences both on the defense side and the nondefense side. In fact, I am baffled because we have heard so much--particularly from my Republican colleagues--talk about the need to support our men and women in the field after 16 years of war. Why aren't we at least saying: If we are going to borrow $1.5 trillion, let's give it to the men and women in uniform. No. We are here tonight saying: Let's give it to the richest people in America and in the world. There is lots of rejoicing going on throughout the world tonight because when shareholders' stock is redeemed in the companies they own, they are going to be wealthier, and they are going to use that wealth not for America but for whatever reason they want. Again, is it a new yacht or a new painting? I just hope that in the waning few hours of this debate, we can move the consciousness of colleagues and reject this legislation. I yield the floor. The PRESIDING OFFICER. The Senator from Nevada. Mr. HELLER. Mr. President, we are nearing the finish line this week on providing Nevadans and all Americans the real tax relief that they deserve and that they have been promised. As a member of the Senate Finance Committee, I have been fighting every day for the Senate to stay in Washington--even 24/7--until the job gets done. Today, we are getting the job done. That is because I know just how critical middle- class tax relief is for the people in my home State of Nevada. Let me tell you why. The majority of Americans are not only struggling to get ahead, they are struggling to just get by. It has been reported that nearly 8 in 10 Americans who work full time are living paycheck to paycheck. That is a slight increase from previous years. If you live in Nevada, you are more likely to be living paycheck to paycheck than if you were to live in most other States. To put that into perspective, housing costs are reported to consume nearly a quarter of Nevadans' [[Page S8104]] paychecks. One report suggests that after the cost-of-living expenses are taken out of their paychecks, the average Nevadan has a little more than $700 left. During a recent telephone townhall, I heard from a teacher in Las Vegas who spoke about her stagnant wages. This teacher, like most Americans, has not seen a meaningful pay raise in years. But right now, for many Americans, it is not so much about getting a raise as it is getting back to where they once were. In Nevada, the real median household income is $7,000 lower today than it was in 2007. Let me repeat that. In Nevada, the real median household income is $7,000 lower today than it was 10 years ago. At the same time, childcare expenses have skyrocketed. In this country, the average cost for an infant in center-based care can be as high as $17,082 per year. By the way, that is more than a semester at the University of Nevada, Las Vegas. It is more than a semester at the University of Nevada, Reno. In Nevada, that means that the average single parent could spend as much as 36 percent of his or her annual income to send an infant to center-based care. Given rising housing and childcare expenses alone, middle-class families in Nevada and around this country are having a hard time covering day-to-day expenses and ***planning*** for their futures. Nearly one in five Americans has nothing set aside to cover an unexpected emergency, while nearly one in three Americans doesn't have at least $500 to cover an unexpected emergency expense. So it is fair to say, in Nevada at least, that the recession has never really ended. Under the failed economic policies of the Obama administration, Nevadans suffered through 8 years of historically low economic growth. Think about that. In those 8 years, the average economic growth was less than 2 percent. As a result, wages and workers suffered, job creation suffered, and middle-class Americans suffered. We are now at a crossroads. We have a chance to change course. We have the opportunity to pass meaningful tax cuts that will lift middle- class families, our communities, and our economy. If you are against this bill, you are satisfied with the anemic 2- percent economic growth that was ushered in by the Obama administration. You accept this dismal growth as the new normal, but I will never accept this as the new normal. I think we can do better. In fact, I know we can do better. We have already seen improvement since President Trump has taken office. If you are against this bill, you are against giving small businesses the chance to actually get off the ground and hire workers. You are against giving them better opportunities to expand, to invest, to increase wages, and to hire more workers. I know that our small businesses employ nearly half of all U.S workers, and I know that this bill will make it easier for them to continue doing what they do best, and that is creating jobs. Lastly, if you are against this bill, you are against tax cuts for the middle class because that is what this bill is all about, and if you know that nearly one-third of Americans don't have $500 to cover an emergency expense, then you know just how important a few extra dollars per month are to them. I do, and that is why I have been fighting to get this bill to the President's desk. Earlier today, I was pleased to see the House pass the conference report that reconciles our two tax reform bills, and I look forward to soon having the opportunity to vote in support of this pro-growth package that delivers critically important tax relief to America's middle class and small businesses--a pro-growth package that will help boost jobs, a pro-growth package that will increase wages, a pro-growth package that will drive growth in our local communities, and a pro- growth package that will give a Nevada family of four, making $85,000 per year, a tax cut of $2,254 or, roughly, a relief of 20 percent of its tax liability, according to the nonpartisan Tax Foundation. Today, our small businesses and middle class suffer under an outdated and unfair Tax Code that crushes job creation and makes it harder for Nevadans and people all across this country to get ahead. The fact is simple: After 30 years of disrepair and neglect, our current tax system needs to be fixed. Everybody knows that it doesn't work, that it is rigged against our job creators, and that it should be overhauled. These are the very problems our tax relief package helps to address. I also recently spoke with an ambitious and hard-working Nevadan, an entrepreneur who started his own business while going to school full time. This young job creator brought up the enormous amount of money that he is paying in taxes, as well as how complicated it is to navigate the current system. He also spoke of an uneven playing field that tipped the system in favor of his foreign competitors. He wanted to know when Congress would deliver on reforms to boost the competitiveness of all American job creators. Lastly, just this past weekend, I ran into a small business owner who said that he paid $160,000 in taxes last year. He said that $160,000 amounted to two pieces of machinery that he could have installed at his small manufacturing facility--machines that would have necessitated the creation of two highly paid jobs--jobs that would have been created but for our unfair tax system. From their perspectives and from mine, Nevada has been waiting too long for a fairer, simpler Tax Code that they can enjoy. Nevadans, like most Americans, know how important passing this tax relief package is to our country's economy. Nevadans have seen the increased levels of economic growth under the new administration and know that this tax relief bill will add to it. Let's talk about what this tax bill does and does not do. This tax bill lowers individual tax rates across the board and let's taxpayers keep more of their hard-earned money. This tax bill roughly doubles the standard deduction that is used by most taxpayers, which gives a massive tax cut to the roughly 90 percent of Nevadans who are expected to use it. This tax bill includes my amendment to double the child tax credit-- an increase of $1,000 per child over current law--which will go a long way toward addressing the skyrocketing costs of childcare in my State and across the country. This tax bill also includes my amendment to make it easier for startups and businesses to give lower level employees ownership stakes in their companies' successes by awarding stock options. This tax bill protects and expands the medical expense deduction for our Nation's most vulnerable, as well as preserves popular retirement savings options, such as 401(k)s and individual retirement accounts. This bill does not change the tax treatment of the student loan interest. It does not change graduate tuition waivers. It does not change the tax treatment of employer-paid tuition or the teacher deduction. It preserves the tax exemption for private activity bonds that are used to finance private projects with a public benefit. These bonds benefit a wide array of individuals and organizations, such as charter schools, and are of great importance to the homeschool community. Overall, this tax bill accomplishes my three major goals of, one, creating jobs; two, increasing wages; and three, boosting American competitiveness. Regardless of the tales that my friends from across the aisle want to tell you, this bill not only cuts taxes, but it also increases wages. We have a prime opportunity today to provide real tax relief to Nevadans and other Americans who have been waiting for a fairer, simpler Tax Code, real relief that lets the middle class keep more of its hard-earned money and makes our Tax Code easier to understand. There is less paperwork and more money in people's back pockets. There is real relief that also ***produces*** more quality jobs, higher wages, and growth in our communities. This tax relief bill is a positive step toward restoring Nevadans' faith in the American dream by providing tax cuts for middle-class families and jump-starting job creation, higher wages, and economic growth. I will continue to work with my colleagues in both Chambers to ensure that this desperately needed legislation makes it across the finish line to the [[Page S8105]] President's desk before the end of this week. I yield the floor. The PRESIDING OFFICER (Mr. Daines). The Senator from Indiana. Mr. DONNELLY. Mr. President, I rise to discuss the tax bill. I am disappointed. You see, I am one of the many Americans who believe that we need to reform our Tax Code to benefit middle-class families. I also believe that we need to make those reforms in a commonsense, responsible way. Sadly, that is not the approach that was taken with this legislation. From the very beginning of this effort, I have been willing to partner with Republicans or Democrats and with President Trump and his team. In fact, when President Trump unveiled his tax priorities in my home State of Indiana, I traveled with him on Air Force One. I wanted him to know that I was listening to his priorities and that I agreed with his stated goals of supporting the middle class and keeping jobs right here in America. I also wanted Hoosiers to know that I was committed to working with the President to reform our Tax Code in a way that helped Hoosier families and businesses. After that trip with the President and in every meeting with the administration, including two meetings at the White House, my attending Vice President Pence's speech in Anderson, IN, and in multiple discussions with top administration officials, I left feeling optimistic that we could work together to reform our Tax Code to achieve those goals we had agreed upon. I expected a proposal that was focused on cutting taxes for middle-class families. I expected a proposal that would help keep jobs in America and take away tax incentives from corporations that flagrantly outsource jobs to foreign competitors in foreign countries. Unfortunately, that is not the bill that the majority leader pushed through the Senate, nor is it the final bill that he and the Speaker of the House agreed upon. The reasons I oppose this bill are plain and simple, clear, and make common sense. Instead of providing a tax cut that overwhelmingly benefits the middle class, this bill cuts taxes for the wealthiest Americans while it raises taxes on a majority of families who will be making less than $75,000 in the coming years. Instead of closing tax loopholes like the shameful one that allows Wall Street hedge fund managers to pay a lower tax rate than a Hoosier firefighter, than a Hoosier teacher, than a Hoosier policeman, or a Hoosier steel worker-- imagine a hedge fund manager's tax rate being lower than that man's or woman's who is fighting a fire in Evansville this year. This bill preserves these giveaways. Think of that. It is outrageous. Instead of protecting American jobs by adopting provisions from my End Outsourcing Act--an effort that President Trump has told me on numerous occasions that he is all-in on and supports--this tax bill does zero to claw back tax breaks and incentives awarded to corporations that later decide to outsource American jobs. It also retains loopholes that allow corporations like Rexnord and Carrier to continue deducting the moving expenses when they ship those American jobs to other countries. Imagine that. There is a tax deduction for moving expenses to ship American jobs to other countries. They left it alone. Perhaps, there is no better example of an issue on which the President and I agree than preventing the outsourcing of American jobs. Right now in my home State of Indiana, nine companies have outsourced or will outsource the jobs of 2,200 Hoosiers. This is impacting moms and dads, sisters and brothers, wives and husbands, our neighbors, and our friends. This is our opportunity to stand up for American workers and make it clear that if corporations want a lower tax rate or special tax deductions, if they want the American taxpayer to invest in them, then, they must invest in American workers. That is the conversation I had with the President when we talked about our shared goals for tax reform, and these are the issues where I know there is common ground. Gene Sperling, formerly the chief economic adviser to two different Presidents recently, wrote: If there is one thing the Republican international tax bill was advertised to accomplish, it was that it would favor locating jobs and profits in the United States. It does just the opposite--expanding the degree our tax system tilts the playing field against American taxpayers and American workers. Mr. President, I ask unanimous consent to have printed in the Record this article by Gene Sperling, recently published in The Atlantic, titled ``How the Tax ***Plan*** Will Send Jobs Overseas.'' There being no objection, the material was ordered to be printed in the Record, as follows: [From the Atlantic, Dec. 8, 2017] How the Tax ***Plan*** Will Send Jobs Overseas companies are going to be able to save a ton of money by locating factories abroad (By Gene B. Sperling) Despite Donald Trump's ``America first'' rhetoric, many suspected that the tax ***plan*** he would support would actually increase the incentives for U.S multinationals to move both profits and operations overseas. I wrote about this inevitability a few weeks ago, before the details of the Trump-GOP tax ***plan*** emerged. Now that the bill is advancing, it's clear that things aren't as bad as many feared. They're worse. As discussed in the previous piece, Trump administration economic officials argue that by lowering the corporate tax rate from 35 percent to 20 percent and moving to what is called a territorial system--mainly, companies pay taxes on foreign earnings only to the foreign nation where those profits are booked and never owe anything to the U.S no matter how low the foreign nation's tax rate is--would lead to more jobs and profits staying in or coming back to the United States. Yet, it is clear that a territorial system could have just the opposite impact: It could give a permanent preference to foreign income and lead companies to shift more profits to tax havens knowing that they could permanently avoid virtually all taxation on such profits. One crucial safeguard against that perverse impact is to apply a strong minimum tax on the profits of U.S multinationals in each country (a ``country-by-country'' minimum tax). If a U.S company had to pay a minimum tax of, let's say, 19 percent (as President Obama had proposed), even if they engaged in complex tax ***planning*** to book $100 million in profits in zero-tax Bermuda, they would have to pay $19 million in U.S taxes to ensure the 19 percent minimum tax was enforced. Under such a country-by-country minimum tax, you can run, you can shift profits to tax havens, but you cannot hide from paying a 19 percent minimum no matter where you are. Under this type of true minimum tax on foreign earnings, U.S multinationals would have little incentive to engage in the ongoing race to the bottom. As discussed in my previous Atlantic piece, the GOP ***plan*** was rumored to use only a 10 percent minimum tax, and to make it worse, would make the minimum tax determination based on the average of a company's total global profits. What was problematic about this design was that it not only encouraged companies to move profits to tax havens, but it actually encouraged them to simultaneously move jobs and operations such as manufacturing to industrialized countries that had typical tax rates and to shift more profits to tax havens. Why? Because if you had $100 million of profits in Bermuda facing no tax, you might have still had to pay $10 million in U.S taxes to meet the new global minimum tax. But if you moved a factory to Germany that made $100 million and paid 20 percent in taxes there, you could still pay zero on your profits in Bermuda because the average taxes paid on your global profits (from both Bermuda and Germany) would be the global minimum rate of 10 percent. This perverse design means the more a U.S multinational shifts jobs and operations to industrialized nations with similar tax rates to the U.S , the more it can get away with shifting more and more profits to tax havens. So how did it look in the fine print? As several tax experts including the Tax Policy Center's Steve Rosenthal, Brooklyn Law School's Rebecca Kysar, and Reed College's Kimberly Clausing have written, it is even worse than anticipated on at least two additional grounds. First, it turns out that the Republican idea of a minimum tax is that it only taxes what you make over what they think is a ``routine'' profit, deemed to be 10 percent in the Senate bill, on ``tangible'' investments (think factories and equipment, including for manufacturing). As Rosenthal notes, ``because `routine' returns are not subject to U.S tax, this definition of `routine' returns could give U.S firms a perverse incentive to shift more tangible assets to lower- taxed overseas locations.'' That means, under the GOP bills, if you shift less profitable operations to a tax haven you would pay zero taxes on those operations as long as you are only making 10 percent a year--whether that is $10 million or $100 million--while you would pay 20 percent if the operations were located in the United States. So, the ``minimum'' tax is really a much lower rate than 10 percent, and would essentially be an invisible, non-existent tax except on highly profitable operations and income from intangibles. Second, this limitation to only excess profits encourages even more shifting of operations and jobs overseas through complex efforts to blend different income streams. [[Page S8106]] How? Profits from ``intangibles'' like patents do not receive the 10 percent exemption for ``routine'' returns, so the minimum tax is seemingly designed to at least capture those well-known cases where major technology companies shift intangibles to low-tax nations and book their profits there. If a company does that and earns extraordinary profits, a global minimum tax would capture some piece of that. But again, here is where the GOP bill's global ``averaging'' actually creates the incentives to move jobs and operations overseas. Let's say a U.S multinational has highly profitable intangibles located in a tax haven that earn $50 million in income without any tangible investment. If the company has no other foreign profits or operations, then that income would face a mere $5 million in U.S taxes from the 10 percent minimum tax under the GOP ***plan***. But if the company decides to build a new $1 billion factory overseas that earns profits of only 5 percent ($50 million) from the factory, the company will not pay a penny in U.S taxes on its income from the factory or the intangibles. Why? Because when you add the income together, the $50 million from the intangibles plus the $50 million from the new factory, it equals the ``routine'' profit of 10 percent on the $1 billion of new tangible investment, which will allow it to completely avoid paying taxes on any of the above mentioned profits. This shows how deeply the tax ***plan*** fails when it comes to incentives to shift profits and operations overseas and to curtail the obsession of major multinational companies with international tax arbitrage that has nothing to do with innovation, productivity or job creation. Indeed, the ability to blend income from intangibles and routine profits, and from investment in higher tax nations with tax havens with zero taxes, leads to a worst of all worlds scenario: an even greater corporate focus on international tax minimization through a careful mixture of shifting profits and operations overseas. If there was one thing the GOP international tax bill was advertised to accomplish, it was that it would favor locating jobs and profits in the United States. It does just the opposite--expanding the degree our tax system tilts the playing field against American taxpayers and American workers. Mr. DONNELLY. Mr. President, the majority leader's bill before us today continues the same broken tax system that incentivizes companies to move jobs to foreign countries, hurting more American communities and undercutting thousands of working American families. In Indiana, we know there is no such thing as a free lunch. In the Hoosier State, we work hard and we expect everyone else to pay their fair share. The tax bill we are considering cuts taxes for corporations and the wealthy by asking some middle-class families to pay more and by making healthcare more expensive for millions and millions of Americans. According to the nonpartisan Committee for a Responsible Federal Budget, if we account for budget gimmicks, the cost of this bill could reach $2.2 trillion--not billion but trillion dollars. Here is what that means. This means our kids' and our grandkids' paychecks, the hard-earned money they make in the years ahead, will be sent to China to pay for tax cuts that will be given today to the wealthiest people in America. Our kids and our grandkids will be paying the bill for this tax cut that puts money in the pockets of the very, very wealthy. That is almost beyond belief. We need tax reform that actually benefits Hoosiers who go to work in the dark and come home in the dark. These are the folks that I run into at church or who stop by my office or I see at the gas station or at the diner. They look me in the eye, and they tell me they are working hard to make a decent living, to pay the bills, to raise their families, and to have a shot at retiring with dignity. They are not looking for any handouts. They simply want a good-paying job and a fair shake. Unfortunately, this bill is a significant missed opportunity to provide relief to middle-class families and to protect American jobs. From the very, very beginning of this debate, I have engaged in a good faith effort to exchange ideas and priorities for what we would like this tax bill to look like and to work together in a bipartisan manner. I worked to improve the bill that my colleagues have rushed through in a largely closed and partisan process. That includes my support for Senator Rubio's effort to expand the child tax credit for hard-working families, for which I give him much credit. Our country is stronger when we work together and when we pass legislation that focuses on the middle class and on regular families and that leaves a better future for all our children. Sadly, that is not what this bill would do. This bill raises taxes on many middle- class families, makes healthcare more expensive, does not address outsourcing, and significantly increases our national debt. I yield the floor. The PRESIDING OFFICER. The Senator from Iowa. Mr. GRASSLEY. Mr. President, today we have the opportunity to pass the most sweeping changes to our Tax Code in more than 30 years. This historic moment is long overdue, and my constituents in Iowa will benefit from it. Since the last tax reform effort in 1986, the Tax Code has grown out of control in both length and complexity. All told, taxpayers spend over 6 billion hours annually just complying with the dictates of the Internal Revenue Code. Moreover, our outdated corporate tax system puts American companies at a competitive disadvantage as they try to compete in the 21st century global economy. The Tax Cuts and Jobs Act will make good on our commitment to provide significant tax relief to middle-income taxpayers both in my State of Iowa and in the entire United States, while making the Tax Code simpler, fairer, and, obviously, more pro-growth. The bill provides significant tax simplification for the vast majority of tax filers. Most taxpayers will find that they are better off simply by taking the standard deduction. No longer will they have to spend hours sifting through receipts and forms to determine what they can and cannot deduct. Middle-income taxpayers can also expect to see significant tax cuts. A median income family of four could see their tax bill reduced by over $2,000. This is relief that families will see almost immediately, as less tax is withheld from their paychecks. This tax relief stems from many pro-family and pro-middle-class income tax provisions in the legislation. First, there is the nearly doubling of the standard deduction. For families, this means the first $24,000 of their income will be exempt from tax altogether. As a result, a significant number of lower income Americans will be removed from the tax rolls entirely. Second, the middle-income tax brackets are significantly lowered and expanded to include more taxpayers. This includes reducing the current 15 percent bracket to 12 percent, and the 25 percent bracket to 22 percent. Third, the tax bill specifically recognizes the costs associated with raising a child by doubling the child tax credit from $1,000 to $2,000. Furthermore, to ensure that lower income families with children are able to benefit from this expansion, the refundable portion of the tax credit is increased from $1,000 to $1,400. While my colleagues on the other side of the aisle have attempted to claim that this tax bill is all out to help the wealthy, I want to make very clear that this is simply not true. This is evidenced from the features of the bill that I just discussed, but, also, if you need more evidence, look no further than the distribution analysis of the bill by the nonpartisan Joint Committee on Taxation of the Congress of the United States. According to the analysis of the Joint Committee on Taxation, on average, every income group will experience a tax cut, with the largest percentage tax cuts going to the middle-income groups. Moreover, the tax bill would make the Tax Code more progressive, with taxpayers earning more than $1 million shouldering a larger share of the tax burden than they do under current law. The bill also enacts much needed tax relief for job creators. It provides a significant deduction on business income for small businesses, effectively lowering the top tax rate to under 30 percent. All small businesses down to the smallest family-owned corner store and the family farmer stand to benefit from this provision. As small businesses are responsible for creating the majority of new jobs, this is a key provision promoting economic growth and job creation. Additionally, the bill lowers the statutory corporate rate down from the highest in the developed world to 21 percent. The highest rate in the developed world at 35 percent makes our current corporate tax rate on American companies the highest of those industrialized nations and puts us at a [[Page S8107]] competitive disadvantage globally, costing American jobs. Moreover--and this is important for the John Deere workers in Waterloo, IA, or in any other corporation--economists generally agree that a significant portion of the corporate tax falls on workers in the form of reduced wages. Estimates of this burden of the corporate tax on workers ranges from a low of 25 percent to a high of 70 percent. While the exact amount may be debated by economists, one thing is very clear. A corporate rate reduction will result in bigger paychecks for hard- working Americans. These business tax reforms are crucial to getting our economy growing. We can't continue to settle for the anemic growth of less than 2 percent that we have experienced since 2010. Lower tax rates, coupled with greater expensing of depreciated equipment under the bill, will encourage new capital investments that are necessary to increase productivity, generating both higher wages and higher growth. The bill before us signals the faith we have in the ingenuity and entrepreneurial spirit of the American people, rather than putting our faith in government to grow the economy. We do this to get our economy on the right track, and this legislation will put us on the right track. In all, tax reform will put more money in the pockets of middle- class Americans, make U.S industry and workers more competitive, and get the economy growing again after 8 years of stagnation--the most stagnation in any decade since World War II. This is a historic opportunity to help Americans from every walk of life. I look forward to joining my colleagues to pass this once-in-a- generation tax bill and have it signed into law before the new year. I yield the floor. Mr. LEAHY. Mr. President, little more than a month ago, the Tax Cuts and Jobs Act was unveiled in the Senate. Just a few short weeks later, we are on the verge of passing a colossal bill, publicly available for just 4 days, that makes sweeping changes to every aspect of our economy. We are moving so fast that the American people would be forgiven for thinking we were addressing a national emergency; yet fires are still blazing in California, power in Puerto Rico is still not fully restored, and victims around the gulf of Hurricanes Harvey, Irma, and Maria are still struggling to pick up the pieces and rebuild. There are indeed national emergencies we should be addressing, but instead of doing so, Republicans in Congress are focused first on passing tax cuts for corporations and billionaires--tax cuts that will add an estimated $1.5 trillion to the deficit. The process that led to the bill we are voting on today has been fundamentally flawed from the outset. From the beginning, this bill has been written behind closed doors by Senate Republicans. No hearings were ever held on this bill, denying the American people an opportunity to add their voices to the debate. When the Senate voted on its version of this bill in the dead of night, Senators only received the text a few hours before the vote, and even then, the text was hastily put together, with scribbles written into the margins. We discovered that lobbyists knew more about what was in it than those of us who had the responsibility to vote on it. No wonder that it was loaded with last- minute special interest giveaways. There is serious doubt this bill will benefit the middle class, as Republicans claim. What we do know is that it will result in millions of fewer insured Americans and higher healthcare premiums for millions more. At the same time, corporations will receive a windfall in permanent tax cuts that will bust our budget for decades to come. Even more appallingly, it includes special provisions that will directly benefit the President and some Members of Congress. It doesn't end there. Republicans have yet to address the $1 trillion in cuts to Medicare, Social Security, and other ***programs*** vital to the American people, which will be spurred by the passage of this bill. This bill cynically and surreptitiously sets the stage for those slashing cuts. This is a bill that cheats our future for the sake of a tax-cut windfall for the 1 percent. It does absolutely wonderful things for the wealthiest taxpayers, like the President, his cronies, and his family. If he wants to dispute that, he should finally release his tax returns and prove to the American people that the ``Christmas present'' the President talks about will not, in fact, benefit his bottom line. What we do know is this bill does not advance the common good. It offers little but crumbs on the table and coal in the stockings of hard-working Americans, while the wealthiest individuals and corporations reap the rewards of this bill, with the false promise of trickle-down benefits to everyone else. The wealthiest are doing just fine, and big corporations already are pulling in record profits, which they are not investing but salting away. More than 400 millionaires have urgently told Congress that they don't need more tax cuts. Republicans will continue to claim that their bill represents serious tax reform, but the public isn't fooled. Poll after poll shows that the American people see this bill for what it is: a betrayal of the middle class and a betrayal of American values. They have seen enough of trickle-down economics to know that the benefits never flow to them. At the end of the day, it is clear that this bill was never really about the middle class; it was about the Republican donor class. I wish we had gone down a different path, one where both parties worked together to provide real relief to the working families we all represent. It belies the storied history of this institution to rush through such a sweeping bill, through an arcane process of reconciliation intended to secure the lowest possible number of votes to succeed, without the benefit of public opinion, or even public review. After one of the least productive sessions of Congress that I can recall, Republicans are so desperate for a win that they will mortgage away our future. This bill is not tax reform. This is a cartoonish caricature of what real tax reform should look like. It is dishonest to its core. It is cynical, and it can only breed more cynicism by the public. It is bad policy, it is indefensible policy, and it is wrong. It is said that every generation has a responsibility to leave our Nation better, brighter, and stronger for the generations that follow. This tax bill accomplishes none of those goals. I strongly oppose--I reject--this conference report, and the crass, partisan path that brought us here. Mr. GRAHAM. Mr. President, as in many other industries, the insurance sector, both property/casualty and life, have become more globalized than any time in history. Disasters such as 9/11 transformed the property and casualty industry. The life insurance industry has followed, with an increasing amount of insurance risk transferred to affiliates and nonaffiliates around the globe. This business model is impacted directly by the Tax Cuts and Jobs Act, which moves the United States from a mostly global international system, where we tax American companies and individuals on their worldwide income, toward a territorial system. Under the new system, companies are to be taxed in the United States on the income derived here and are to be taxed on their foreign earnings by the nations in which that income is derived. What we are seeking to do here is to encourage enterprises to start in the United States, to expand in the United States, and to bring as many foreign operations home as they can while remaining not only competitive, but innovative leaders in creating new products and services. The new 21-percent corporate rate will help do just that. However, this bill does not take us fully to a territorial system. The bill applies a minimum tax on certain payments to foreign affiliates. At 21 percent, the U.S can compete with virtually any nation in the world, but if some nations have a corporate rate of, say, 5 percent or less, then the new system will incentivize companies to move their operations overseas, so the bill includes a minimum tax. It is called the base erosion antiabuse tax. The first year, the base erosion tax is essentially a minimum tax of 5-percent tax without deduction for certain payments made by a U.S company to its foreign affiliates. Starting in 2019, that minimum tax increases to 10 percent. We do not want companies moving mobile assets around the world to find the lowest corporate tax rate. However, [[Page S8108]] I do not think we should be taxing enterprises on payments that never actually leave the U.S , but instead are obligations that are combined with obligations from the foreign affiliate to the U.S parent. That is where clarification is needed as to how this base erosion tax will work in the context of U.S insurance policies that are reinsured overseas. Under current law, reinsurance is already subject to a gross premium excise that serves as an antibase erosion tax of sorts. Adding the base erosion tax on top of that could be detrimental to these U.S insurance companies. However, how the base erosion tax is computed may be determinative of whether the tax is tolerable. I believe that, with respect to reinsurance, the base erosion tax was intended to apply only on net payments actually made. Under certain forms of reinsurance that are commonly used in the life insurance industry, called modified coinsurance or funds withheld coinsurance, underlying investments are retained by the U.S insurer, which is subject to tax on the earnings from the investments. Under these arrangements, the reinsurance payments are taken into account for purposes of the base erosion tax only when the U.S insurance company actually makes payments to its foreign affiliate. My understanding of the conference report is that it intended to limit the base erosion payment to the net amount paid to the foreign reinsurer, taking into account the amounts owed by the reinsurer to the U.S party. That result is consistent with one of the fundamental principles underlying the Tax Cut and Jobs Act of 2017: Assets generating income should be taxed where those assets are sited. In determining the amount of base erosion payments, the amount of premium paid to the reinsurer must be offset by any return premium, ceding commission, reinsurance recovered, or other amount received the insurance company with respect to the reinsurance for which such premium is paid to the reinsurer. Moreover, this treatment is consistent with the regulatory accounting regime imposed by the National Association of Insurance Commissioners. Consistent with those principles, base erosion payments do not include amounts paid to a foreign affiliate that are subject to U.S income tax. For example, payments to a foreign partnership by a U.S taxpayer that the foreign partnership certifies are effectively connected income are not base erosion payments. The income has not been shifted offshore, and there has been no erosion of the tax base. Ms. KLOBUCHAR. Mr. President, today we are voting on the motion to adopt the conference report on H.R 1, the Tax Reconciliation Act. I will be voting against adoption of the conference report. I have long called for tax reform. We should bring down the business income tax rate. We should bring back the money being held overseas to fund the infrastructure improvements we need across the country. We should simplify the code and help middle-class Americans pay their bills. But I have been disappointed by the most recent effort, which has not been bipartisan at all and has resulted in a bill that will add to the debt, create huge new loopholes that will encourage companies to move money around and move jobs overseas to avoid taxes, and will have huge unintended consequences for our economy. One of the most troubling developments of this bill was the inclusion of a provision to repeal a key part of the Affordable Care Act that would kick 13 million people off their insurance by 2027 and increase premiums by 10 percent in the individual market. That means less money in the pockets of American middle-class families. The American people want us to work together to make fixes to the Affordable Care Act, not move backwards with a partisan approach to healthcare added into a tax bill. This bill also hurts middle-class families by doing a bait and switch. Under the bill, millions of middle-class Americans would end up paying more in taxes in the long run. Many of the tax cuts they receive, if they receive a tax cut at all, would only be temporary. This bill would allow a one-time opportunity to bring back some of the trillions of dollars of earnings held overseas by U.S companies. I have long supported this, but I also would like to see at least part of any of the billions in taxes raised by this provision to be used to fund infrastructure. The American Society of Civil Engineers' 2017 report card gave our Nation's infrastructure an overall D-plus grade. There is an economic imperative to fixing our infrastructure: Businesses rely on our transportation network to move goods to market. If our deteriorating infrastructure goes unaddressed, it will cost our economy nearly $4 trillion by 2025, leading to the loss of 2.5 million jobs. That is a crisis that we have an opportunity to address through a tax bill, but we aren't. It is a missed opportunity. If done right, we can close loopholes, bring back money U.S companies are holding overseas to fund infrastructure projects here at home, give local businesses the ability to compete against out-of-State Internet retailers, support our rural communities, and provide incentives to keep jobs in America. I have always said we could bring down the corporate tax rate, but not by adding $1.5 trillion to the debt. We need to work together to pass a tax ***plan*** that works for everyone, one that helps middle-class families and Main Street businesses, and without blowing up the deficit. I encourage my colleagues to join me in opposing this conference report. Mr. HATCH. Mr. President, I have listened to the comments of my friends on the other side for several hours. Frankly, it has tried my patience. If you boil down the inaccurate assertions, you come up with two basic points. One, that the bill before us cuts taxes for wealthy taxpayers proportionately more than it does for middle-income taxpayers. Two, this bill raises taxes on middle-income taxpayers. Nothing like some old-fashioned nonpartisan light to cut through the partisan fog created by my friends on the other side. I refer to a set of tables developed by the nonpartisan official congressional tax scorekeeper, the Joint Committee on Taxation, which I will ask consent to have printed in the Record. The tables show significant tax cut for middle-income taxpayers. Let's take a look at taxpayers in which the median U.S income reside. I am talking about taxpayers at income levels between $50,000 and $75,000. In 2019, two-thirds of taxpayers receive a tax cut of greater than $500. In 2021, 61.7 percent receive a tax cut of greater than $500. In 2023, 54.8 percent of taxpayers will receive a tax cut of greater than $500. In 2021, 53 percent of taxpayers receive a tax cut of greater than $500. The individual income tax cuts sunset in 2026. Let's take a look at another middle-income group, those in the $75,000 to $100,000 cohort. In 2019, 77.8 percent of those taxpayers receive a tax cut of greater than $500. In 2021, that figure is 72.2 percent. In 2023, that figure is 63.1 percent. In 2025, that figure is 61.4 percent. The individual tax cuts expire in 2026. I ask my friends on the other side to shut down their rhetorical fog machine. Stop the phony characterization of this bill as a tax cut for the wealthy. Recognize it for what it is, a tax cut for Americans that is focused on middle-income families. Mr. BURR. Mr. President, I rise today to speak on the Tax Cuts and Jobs Act and the significance of this historic legislation to all Americans. It has been more than 31 years since comprehensive tax reform was passed by Congress and signed into law by President Reagan, and it has been nearly two decades since the United States has experienced a period of sustained economic growth of 3 percent or more. Similar to the Tax Code prior to the last major overhaul, today's Tax Code is overly complex and burdensome on American families and businesses. The current code is riddled with nearly 200 tax deductions, credits, exclusions, and tax breaks that ``cost'' the government nearly $1.5 trillion in lost revenue each year. These costs unnecessarily burden hard-working Americans, who spend more than 6 billion hours each year to understand their tax liability and comply with filing requirements. The Finance Committee began to lay the groundwork for tax reform years ago, during which time the committee held over 70 hearings on how to reform the Tax Code and promote economic growth. In the 113th Congress, the committee also formed five bipartisan [[Page S8109]] working groups to examine options for reform. This years-long process has enabled us to ***produce*** the Tax Cuts and Jobs Act, and I am confident this legislation, based on ideas from both parties, will benefit all Americans by ensuring our Nation remains competitive in the global economy. The Tax Cuts and Jobs Act will make American businesses competitive again by permanently lowering the corporate rate to roughly the average rate that our competitors have already adopted. This legislation will also end the lock-out affect many American businesses face today by adopting a territorial system. This will encourage American companies to invest their profits here at home and hire more people. On the individual side, this legislation will lower individual income tax rates for all Americans and greatly simplify the code by roughly doubling the standard deduction. According to the Joint Committee on Taxation, this will result in fewer than 10 percent of Americans itemizing deductions, meaning the vast majority of Americans will benefit from tax simplification. I am especially pleased the Tax Cuts and Jobs Act preserves the child and dependent care tax credit and dependent care flexible spending accounts, enhances the ABLE Act, and sharply reduces the number of Americans who are subject to the Alternative Minimum Tax, a parallel tax system that adds layers of complexity. This is historic legislation that hard-working Americans across the country have long deserved, and I look forward to passing this legislation tonight to ensure all Americans have more economic opportunity and prosperity for years to come. Mr. HOEVEN. Mr. President, today I wish to discuss an important provision in the tax conference agreement that relates to the 20- percent deduction for certain passthrough income for ***agricultural*** cooperatives. I was pleased to see that the conference report fairly treats certain distributions from farmer cooperatives to their patron. This treatment will ensure that farmers will not see a tax increase at a time of depressed ***agricultural*** prices. I would like to clarify a drafting change that occurred in moving from the Senate language to the conference report language. Specifically, section 199A(c)(1) provides that the term ``qualified business income'' does not include any ``qualified cooperative dividends,'' as defined by the bill. I would like to clarify that in this sentence, the terms ``qualified business income'' and ``qualified cooperative dividends'' are mutually exclusive and that the intent is that these terms are to be treated separately under sections 199A(a)(1) and (2), as they were under the Senate bill. Also, I believe that the definition of ``qualified cooperative dividends'' includes ``per unit retains paid in money,'' PURPIMs, paid under 1382(b)(3). Mr. TILLIS. Mr. President, when we pursue tax reform, invariably those impacted will voice concerns along the way. I know this from experience, having done tax reform in North Carolina. Everyone was for tax reform until it came to protecting their individualized interests. However, reform was not about protecting tax benefits for the rich or the like, as some of my colleagues have suggested--understandably, for political purposes. Tax reform is what we can do as a Congress to help spur economic growth. Without growth, we cannot solve our Nation's problems. Having an uncompetitive tax code hampers the ability of the middle class to grow and prosper. Through this process, we have fought to ensure that there are appropriate transition rules and protections for various ***strategic*** sectors in our economy, and I am proud of the work that both Chambers of Congress have done through the conference process. When we debated the Senate's tax reform package on the floor, some of my colleagues offered amendments on discrete issues, and I believe that, for many of these issues, we attempted to embrace, as a body, a process that defines problems and works to solve them. I also believe that the conference committee did a good job working with JCT and the Finance Committee to address issues, without jeopardizing the underlying tax reform measure. For other issues that were not able to be addressed in theconference report, I believe that legislating is an exercise of continued and systematic work. That means we need to come back next year in a reconciliation process and continue to improve upon this legislation. As an example of some of the work that we must still do, I do not believe that we should penalize companies for voluntary repatriation and believe that there should be targeted transition rules in place to consider those who have a history of voluntary repatriation and are not simply doing so late in the year as tax reform became a realistic possibility. That said, I understand that some things are not always achievable, and it is tough to treat some companies differently than others when everyone is making sacrifices. Another area that I think needs to be worked on in future iterations of tax reform are tailored transition rules for different ***strategic*** sectors like the energy sector, manufacturing sector, and other industries that have foreign tax credits stranded overseas. Additionally, as we evaluate how the tax treatment for passthrough entities unfolds, we need to ensure that we are appropriately regulating and taxing capital deployers so that we are fully realizing their potential contributions to economic growth. In its totality, I was happy to see that there was common ground found on issues such as: how JCT scores and evaluates insurance reserves; how the limitations on business interest deductibility affects different sectors, particularly those that rely heavily on debt to operate; ensuring that there is continued parity for pass through entities in the new territorial system by preserving appropriate export incentives in the Tax Code; and many others that are so important to State and local economies. When I did tax reform in North Carolina as the speaker of the North Carolina State House, I received many of the same criticisms that I have received as we have gone through this current reform process. Our hard work paid off in North Carolina, and I believe that it will pay off for America--as a global competitor and for all Americans. Thank you. I look forward to supporting this conference report, and I look forward to working with my colleagues in the future as we continue our collective pursuit to make America the most competitive it can be and as we continue to help America achieve its economic potential. Mr. LANKFORD. Mr. President, we commend Senator Hatch for his efforts on this most important bill. We would like to ask for confirmation on a question that will be of considerable importance to millions of seniors housing residents, including those living in assisted living and memory care residences and in continuing care retirement communities, CCRCs. As you know, capital for seniors housing, including assisted living and memory care residences and CCRCs, essentially comes from the same lending sources that fund other types of real estate. HUD, Fannie Mae, Freddie Mac, and commercial banks finance seniors housing through their respective housing related ***programs***. Seniors housing competes with other real estate based investments for both equity and debt and it is critical that our tax law treat these seniors housing units in a manner that is comparable to other housing. Provisions relating to the deduction for business interest and to the deduction for depreciation in the bill include rules governing a ``real property trade or business,'' as that term is currently defined in the tax law. Under these rules, the conferees stated that they intended that a real property operation or a real property management trade or business includes the operation or management of a lodging facility. We would like to ask the distinguished chairman of the Committee on Finance if he agrees with us that the operation or management of residential rental property housing the elderly, such as an assisted living residential facility, memory care residence, or a continuing care retirement community, are not excluded from the definition of a ``real property trade or business'' merely because they provide necessary supplemental assistive services that meet the needs of aging seniors. [[Page S8110]] Mr. HATCH. Mr. President, I agree. Mr. PERDUE. Mr. President, I rise today to engage in a colloquy with my friend and colleague, the distinguished chairman of the Senate Finance Committee, Senator Hatch. I would like to confirm my understanding of the modification of the section 958(b) stock attribution rules contained in the Tax Cuts and Jobs Act. The Senate Finance Committee explanation of this bill, as released by the Senate Budget Committee, definitively states, ``This provision is not intended to cause a foreign corporation to be treated as a controlled foreign corporation with respect to a U.S shareholder as a result of attribution of ownership under section 318(a)(3) to a U.S person that is not a related person (within the meaning of Section 954(d)(3)) to such U.S shareholder as a result of the repeal of section 958(b)(4).'' I would like to confirm that the conference report language did not change or modify the intended scope this statement. As you know, I filed an amendment to the Senate bill, Senate amendment No. 1666 would have codified this explanatory text of the Finance Committee report. I also want to confirm that the Treasury Department and the Internal Revenue Service should interpret the stock attribution rules consistent with this explanation of the bill. Mr. HATCH. The Senator is correct. The conference report language for the bill does not change or modify the intended scope of the statement he cites. The Treasury Department and the Internal Revenue Service should interpret the stock attribution rules consistent with this explanation, as released by the Senate Budget Committee. I would also note that the reason his amendment No. 1666 was not adopted is because it was not needed to reflect the intent of the Senate Finance Committee or the conferees for the Tax Cuts and Jobs Act. I thank my friend from Georgia for his leadership on this issue to ensure that the stock attribution rules operate consistent with our intent and do not result in unintended consequences. I look forward to continuing to work with him on this important issue. Mr. PERDUE. I thank the chairman for the clarification and appreciate his outstanding leadership and work on this important and historic legislation. The PRESIDING OFFICER. The Senator from New Mexico. DACA Mr. UDALL. Mr. President, thank you for the recognition. I rise also to talk about the tax issue and this horrible tax cut, but I can't help but mention a little bit about what I went through the last hour or so with some wonderful young people in my office. First of all, there are 7,000 Dreamers in my home State of New Mexico. Here is one of them, shown in this picture. This is Carlos. Carlos was brought to New Mexico from Mexico when he was less than 1 year old, and New Mexico is the only place that Carlos has known as his home. I had the opportunity to visit with a number of young people who are very much like Carlos. They have gotten in a bus, they have come to Washington, they call themselves the New Mexico dream team, and it is a remarkable story. They told many stories to me about their situations that sounded very much like Carlos's story. They urge us to protect them. They are fearful, they are emotional, but they are also strong and courageous. Let's remember these are some of our very best and brightest young people. We cannot lose them. We must continue to fight for a clean Dream Act--no doubt about it--and we need to remember the 11 million undocumented immigrants who are here in the United States and strive and fight for true immigration reform. Mr. President, working families in New Mexico want good jobs and good wages. They want affordable healthcare and retirement security. They want a job and educational opportunities for their children, but the Republican's latest tax ***plan*** does nothing for regular families in New Mexico or across the country. It will not create good-paying jobs, not now nor for our children. It will kick 13 million people off healthcare and raise insurance premiums. Their ***plan*** threatens Medicare, Medicaid, and Social Security, and it does nothing to improve public education or bring down the high cost of college. The Republican tax ***plan*** overwhelmingly benefits the rich by giving huge tax breaks to their campaign donors, to the superwealthy, big corporations, multinational businesses, and hedge funds. One of the biggest problems is, the Republican ***plan*** will drive up the debt by $1.5 trillion, and that means they will have to take a hatchet to ***programs*** working families rely on. This is not a responsible or a fair tax ***plan***. It is a hocus-pocus tax sham, and I oppose it. I have to reflect a little on this first year that we have seen under President Trump and the Republican majority--what a year of lost opportunities. If the Republicans had worked with us during this year, we could have had at least two big bipartisan achievements. We could have had a bipartisan improvement on healthcare, built on the successes of the Affordable Care Act, and we could have had a fair tax bill for all Americans. How sad partisanship and politics got the upper hand. The Senate and the House majority are pushing this tax scam as fast as they can to hide it from the American people. We have not had proper hearings. We have not heard from expert witnesses or had adequate independent analysis. Even the Republicans don't know what is in it. My office has met with many New Mexicans raising red flags on the unintended consequences of this bill. No Member of Congress--no Democrats or Republicans--has had enough time to digest and understand this ***plan***. When it comes to legislation this important, we must follow the regular order. We must see a full analysis by the Congressional Budget Office and the Joint Committee on Taxation. We must hear from the best tax experts in the country. The American people must understand the ***plan***, and every Member of Congress must fully understand its impacts. We are not there. Republicans and the President are not being straight about what this ***plan*** will mean for the average American. They aren't talking about how it will affect the President's own personal taxes. He touts it as a tax cut for the middle class and working Americans, but not one single objective analysis says it is designated to help the middle class, and his Treasury Department's one-page so-called analysis predicting a $300 billion surplus is built on unrealistic growth assumptions that no serious economist accepts. Even Republicans have said the bill is about helping their donors and cutting taxes for big corporations. The American people are not blind. They aren't fooled by the administration's fake numbers, and they oppose this ***plan***. Recent polling, as recent as December 13, shows that 55 percent of Americans disapprove of the bill. Sixty-five percent say the wealthy benefit the most, and almost all pollsters come out somewhere in that range. Now, let's look at some of the hard, cold numbers. First, we know the Republicans propose adding $1.5 trillion to the debt over the next 10 years. This chart shows the difference between the Federal deficit under current law and the massive increase in the deficit under the Senate Republicans' ***plan***. Current law is in blue, as you can see here, and the Republicans' ***plan*** is in red. It is pretty dramatic--pretty dramatic. Republicans represent themselves as the party of fiscal responsibility, but incurring this amount of debt to give big tax breaks to the rich is patently irresponsible. To pay for this debt, the government will have to borrow by selling Treasury bills, notes, bonds, securities, and savings bonds. Based on estimates from the JTC and the CBO, the government's cost to borrow to pay for this debt will be over $40 billion over the next 10 years and even more after that unless we pay off the debt. The American people will be on the hook for $1.5 trillion. That is $12,742 for each and every American household today. My colleagues have come to the floor saying this tax bill will provide an average tax cut of around $2,000 for 1 year in 2019. What they aren't telling you is, they are also opening a line of credit on you and your family of $12,000. This is the new Federal debt that would be taken out in every American's name every year by the GOP. So much additional borrowing by the Federal Government can also drive up interest rates. Higher interest rates mean higher costs for the government to borrow. The Congressional Budget [[Page S8111]] Office estimates that if interest rates are 1 percent higher annually than projected through 2027, the debt will be $1.5 trillion higher-- that is 6 percent of gross domestic product--and the amount each American owes on their new forced Federal credit card would go up even more. Increased Federal interest rates have real consequences for the average American. A rise in rates can price out a first-time home buyer; it can determine whether a young person can afford to buy a car. The average American consumer does not want to see interest rates go up. Increased government borrowing and interest rates can take up the economy's lending capacity and discourage the very private investment Republicans say they want to encourage. Giving massive tax cuts to the wealthy also will force massive cuts in revenue coming into the Federal Government. When I first arrived in the Senate, Senator Kent Conrad from North Dakota was chair of the Budget Committee. He was a master on the Federal deficit and on the Federal budget, and he understood the danger of racking up huge deficits. In 2011, the Budget Committee was concerned that the debt threatened the national security. The committee majority developed a budget framework that Senator Conrad presented on the floor that July. He showed us many charts that day. One showed that the government had a budget surplus for only 5 of the last 50 years--that was in 1969, 1998, 1999, 2000, and 2001. In those years, revenues were close to 20 percent of gross domestic product. Around the same time, the bipartisan Simpson-Bowles budget commission concluded that the Federal Government needed revenue equal to 21 percent, but the Republicans' current tax cut legislation would leave the Federal Government with revenue of only 17 percent of GDP. Former Treasury Secretary Larry Summers sounded alarm bells in an op- ed in the Washington Post on December 10, and Larry Summers isn't alone. Bruce Bartlett was an economic adviser to Presidents Reagan and George W. Bush. In a September Washington Post op-ed, he freely acknowledged that he ``had a hand in creating the Republican tax myth.'' He is referring to the myth that tax cuts lead to robust economic growth. Mr. Bartlett now says: ``Republican rhetoric around tax cutting'' is ``wishful thinking. . . . In reality, there's no evidence that a tax cut would spur growth.'' In other words, tax cuts will not spur economic growth. They will create more debt, squeeze consumers, and mean steep cuts to vital government ***programs***. So why is the majority pushing so hard for them? Why do they want this tax cut bill so badly? There is really only one reason--for their donors. Representative Chris Collins of New York was honest about why he has to deliver tax cuts. He said, ``My donors''--and this is his quote, Congressman Collins--``My donors are basically saying, `Get it done or don't ever call me again.' '' Making the superrich even richer doesn't justify burdening our kids with huge government debt. It doesn't excuse threatening American healthcare, retirement security, and other vital ***programs***, but cutting vital Federal ***programs*** is exactly the price the middle class and working Americans will be expected to pay under the Republicans' tax sham. Their ***plan*** calls for $500 billion worth of cuts, and Speaker Ryan is already talking about where they will cut. He said: We are going to have to get back next year at entitlement reform, which is how you tackle the debt and the deficit. Frankly, it's the healthcare entitlements that are the big drivers of our debt, so we spend more time on healthcare entitlements--because that is really where the problem lies, fiscally speaking. He wants to starve the Treasury to benefit the wealthy, and then he wants to slash critical ***programs*** that create jobs, support innovation, secure our Nation, and help people pay for housing, food, and medicine. I want to support tax cuts for middle-class families. I want to help make sure that working people can take home more of their pay. I also want to make sure we can pay for roads, bridges, schools, scientific research, and national defense. This bill doesn't do that; it does exactly the opposite. It takes money from the middle-class families and gives it to the ultrarich. Then it leaves us with little to support our communities, little for infrastructure, little to make the United States of America continue to lead the world in innovation, science, and economic might, and little to ensure that we take care of those in need. This bill also fails Indian Country. While giving billions of dollars of tax breaks to corporations, this bill does nothing to spur economic growth or attract investments in our Native communities--not even basic, low-cost provisions to ensure that Tribes receive the same tax benefits as other governments, like State governments. Once again, Tribes have been overlooked by the majority, despite early and vocal Tribal input on tax parity in Indian Country. I am prepared to roll up my sleeves and work with Republicans on tax reform that is fair, simplifies the Tax Code, and keeps American businesses competitive, but I cannot support tax cuts that lopsidedly benefit the ultrarich, hurt working families, neglect Indian Country, and balloon the Federal deficit. I yield the floor. The PRESIDING OFFICER. The Senator from Montana. Mr. TESTER. Mr. President, tonight, once again, Congress is proving to the American people that Washington is broken. This bill is not a product of deliberation of the world's most deliberative body. It is a not a product of meaningful public hearings. It is not a product of compromise or months of hard work among multiple committees. It is certainly not the product of a grand legislative idea that was desperately needed to meet the demands of the public. The bill in front of us is the product of dysfunction, partisanship, and political desperation. Thirty years ago, the Senate passed President Reagan's tax reform 97 to 3. After the conference committee had worked it over, it passed overwhelmingly with 74 votes. That could have been the case today, but there was never an attempt to have an honest debate about this bill, and there was no attempt to get bipartisan buy-in. I reached out to lend my perspective and Montana's perspective--the perspective of rural America--but my offer fell on deaf ears, and I never heard back. I asked the President to work with me. I raised my concerns early, and they have never made an attempt to address those concerns. There was no effort to reach across the aisle and build consensus for this bill. Once again, the leadership of this body chose to draw a line in the sand. They chose to empower the fringes and leave those in the middle out in the cold. As a result, the first major tax bill in Congress in a generation will likely pass with the support of only one party. That is not what the Founding Fathers had in mind. As for me, I wanted a tax bill that would ensure that hard-working Montana families and businesses had a say in this process. I wanted to construct a bipartisan bill that provided folks with tax relief without adding to the debt. I wanted to simplify the Tax Code without gutting provisions that would help build our middle class. Today, we are stuck with this final bill that does none of those things, and our options are yes or no. There are some things in this bill that are good--three, to be exact. This bill keeps in place important medical deductions that benefit seniors and help them pay for care as they age. It expands the child tax credit to provide a boost to families across the country. It lowers income tax brackets to keep a few extra bucks in your pocket each year. But when we look at the bill, we have to weigh the good and the bad. Speaking of those individual tax cuts--the ones I just talked about a few seconds ago--well, they are only temporary. They are short-term promises that will disappear with the wind. Estimates show that more than 80 percent of this bill's benefits will go to the top 1 percent; 60 percent will go to the top one-tenth of 1 percent of our population. In fact, hard-working families will actually see a tax hike within 10 years. But for this country's biggest corporations, this bill makes their tax cuts permanent. So at the same time that taxes start rising for teachers and farmers and electricians and nurses [[Page S8112]] and working folks, large corporations and big businesses will still be reaping the benefits from the giveaways in this piece of legislation. On top of huge benefits, this bill makes no attempt to ensure that these corporations will use the savings to create more good-paying jobs. This bill also destroys the foundation of our healthcare system. Because of this bill, 13 million Americans will become uninsured, and everyone else's premiums will go up by about 10 percent. It will be more expensive to see your doctor. It will be harder for rural hospitals and clinics to keep their doors open. More folks will end up in emergency rooms--the most expensive medical treatment. They will be sicker, their treatment will be more expensive, and the rest of us will be forced to pay for it. The bad list doesn't stop there. It forces a $25 billion cut to Medicare. This bill pushes millions of people out of itemizing their deductions--reducing incentives to buy a home or donate to a charity. It caps State and local income tax deductions, and this targets middle- class families. It changes the way we adjust tax brackets for inflation, which will force future generations to play catchup. It will force State budgets into the red and put critical healthcare, education, and law enforcement initiatives on the chopping block. It opens up the Arctic National Wildlife Refuge for oil drilling, but that is not the worst thing about this bill. The worst thing about this bill is it saddles our kids and grandkids with more crushing debt. In 2008 and 2009, this country was going through one of the worst economic crises since the 1930s. The debt was increased in that period of time. People often say that the government needs to be run like a business. Well, if you have a business, and income is not coming in, you have to borrow some money. That is what happened. With the economic downturn, the money wasn't coming in, so our debt went up. On the other side, if you are in business and you are making a few bucks and times are better--and they are good--you pay that debt down. Well, this country is in a lot better shape now than it was in 2008 and 2009. We should be paying that debt down at this moment in time, not adding $1.5 trillion to it. I am going to tell you, as sure as I am standing here today, within the first quarter of 2018, there will be folks standing up on the other side of the aisle saying that we need to cut Medicare, we need to cut Social Security, and we need to take away subsidies for everyone, whether they be farmers, mothers, young families, the disabled, or veterans. Money that is used to keep our public lands in public hands, dollars that are used to make education more affordable, dollars for healthcare overall--they will tell us that we simply cannot afford them because our debt is so high. But today we are going to tack on $1.5 trillion for the sake of giving the richest of the rich a tax benefit and middle-class families a temporary benefit that will go away over the next 10 years. How they have so quickly forgotten the fiscal restraint that we talked about when Democrats controlled this body. Our national debt is already above $20 trillion. This is more than $64,000 for every man, woman, and child in this country. The path we are on is truly unsustainable. It is not the first time we have been down this road. Bush tax cuts were sold to the American people, and we were told that they would pay for themselves. Guess what. Today those Bush tax cuts are directly responsible for one-third of that $20 trillion debt. We know this to be true. Yet here we are, about to swipe the credit card one more time for over $1.5 trillion--to put our kids and our grandkids on the hook to pay it back while we get temporary relief and the large corporations get permanent relief. For those of us who were ignored during this process, this is what we are stuck with. There are some good things but a whole bunch of bad things--more than I can count on my hands. We can't celebrate the good things and ignore the bad. Just because we ignore it doesn't mean that it is not going to come true. This bill will not strengthen the middle class. It will not improve our schools. It will not lower the cost of healthcare. Let's call it what it is. It is a tax giveaway to the wealthy masked as tax reform, and those who vote yes on this bill will do so at the expense of our kids and our grandkids. They will be paying this tab long after we are gone. What is ironic about this is that most of the people who serve in this body say: I am here to make sure the next generation has an opportunity. We are taking away their opportunity with this bill. It will limit their opportunity. It will cap their potential--all for what? I am not really sure because when I go back to Montana every weekend, folks aren't stopping me on the streets and telling me that the corporations and the wealthy need a tax giveaway. What they do tell me is this: We need to make sure ***programs*** like CHIP are around. We need to make sure Medicare and Social Security are there for future generations. We need to protect our public lands. We need to pass a farm bill that works. We need to invest in infrastructure. Folks, this tax bill takes away all of that potential. We have been at war for 16 or 17 years. The military needs rebuilding. It makes it much tougher. Everyone knows what is going on in North Korea. The potential to have to spend a bunch of money there is real. Infrastructure--whether it is broadband, highways, bridges, or water systems--is in dire need of help. The fact is, the tracks are greased; this bill is going to pass. Rather than working on the pressing issues around here, the next excuse is going to be entitlement reform, which means we are going to do our level best, in the name of the debt, to gut Medicare and Social Security. Who knows what else will be put on the chopping block to be ripped away from working families? This bill ties our hands and prevents us from making the kinds of investments we need to build a strong middle class, which has been the envy of the world, and it puts our most vulnerable at risk. I am going to vote no on this bill because it is a step backward. It raises the debt. It does nothing to solve the income inequality in this country, and it pushes the American dream further out of reach. I yield the floor. The PRESIDING OFFICER. The Senator from Hawaii. Mr. SCHATZ. Mr. President, I want to cover what I think are the seven worst aspects of this tax bill. The first thing is that this is not a middle-class tax cut. Credible, independent analysis of this bill found that the richest 1 percent of the United States will get $85 billion of the benefits in the year 2019. These Americans will get a tax cut of more than $55,000 per person while taxpayers who fall in the middle of the road will get a couple of hundred bucks. Many in the middle class will pay more because of this bill. People making $30,000 or less will see a tax increase of about 10 percent. Even foreign investors will do better than the middle class in this bill. What do I mean by foreign investors? I mean foreign investors. I mean people who don't live in the United States but who own stock or are investors in American companies. In 2019, they will get a $48 billion tax benefit. That is a bigger benefit than more than half of the rest of the country will get from this bill. You have to work hard to design a tax ***plan*** that helps the middle class less than this one does. In fact, the Washington Post looked at this ***plan*** a few weeks ago and found that it is the worst tax ***plan*** for the middle class in 50 years. Here is the thing. It shouldn't be that hard to do a middle-class tax cut; you just do a middle-class tax cut. The No. 2 reason this bill is horrible is it is primarily written for special interests. Republicans couldn't give the middle class a bigger tax break because they needed all of that money for special interests. Real estate firms will see an immediate 16 percent decrease in taxes next year. For families who own multimillion-dollar hotels, that makes this a great bill. Big banks and financial firms also win. Over the next 10 years, financial firms will save $250 billion. Over the next 10 years, financial firms will save $250 billion. The biggest single beneficiary is Wells Fargo. What I remember from the last election was that the lesson the voters were teaching us across America was a populous lesson, that [[Page S8113]] they were sick of financial institutions and the very powerful politically and the very powerful economically running us. Here we are giving a massive tax break to Wells Fargo, an estimated 18-percent boost in earnings just for Wells Fargo. This is not a bank that has been a good player recently. They were mired in scandal after they bilked customers into buying auto insurance and created thousands of fake credit card and bank accounts. People are not getting a tax cut. Corporations are getting a tax cut, and no one knows how we are going to pay for all of this. This brings me to No. 3. If passed, this bill will increase the Federal deficit by a minimum of $1.5 trillion. With $1.5 trillion, we can pay down every single student loan in the country and still have enough money left over for middle-class tax cuts. Instead, we are going to make sure that Wells Fargo investors have another banner year. There was an entire group of Republicans elected to the Congress on the premise that the Federal debt and deficit were too high and that we needed fiscal discipline and fiscal responsibility, and now they are adding $1.5 trillion to the deficit. No. 4, this bill is just bad economic policy. It is premised on the idea that if you provide a tax cut for corporations, they will share it, essentially; that if you give money to a corporation and they take that money and they reinvest it in their physical plant, they make additional developments--maybe they build a new factory, or maybe they pay their people more. That sounds great. Here is the problem: The corporate sector is sitting on an unprecedented amount of cash already. The corporate sector has lots of cash already. So we have a lesson in what they will do with extra cash, right? If they were going to use extra cash to pay their people more or invest more in physical infrastructure or expand their businesses, they would already be doing that because they are already sitting on record amounts of capital. But they are not doing that. What they are doing is stock buybacks and dividends. In other words, they are paying off their shareholders. When a group of American CEOs was asked what they were going to do with the windfall money they are about to receive, they did not say they are going to pay their people more; they did not say they are going to invest more in expanding their businesses; they indicated that they are going to do what they have been doing with their record amounts of cash, which is pour it back into stock buybacks and dividends. This is bad economic policy. Forget the moral part for a moment. Even at the macroeconomic level, this is not smart. No. 5, this is bad policy because it is a bad process. This bill was written in secret. It was rushed, and it was 100 percent partisan. We know it didn't have to be that way. One of the things I said to some of my colleagues with whom I have a strong relationship is, listen, why don't we try to do this subject to a 60-vote threshold? Why don't we try to find bipartisan agreement? And then, listen, if you find that we are operating with you in bad faith, if you find that there is no room for compromise, drop the threshold down and do it with a 51-vote margin, but at least you will have exhausted the possibility of bipartisanship. They started with 51 votes. What does that mean? That means they never wanted to listen to Democrats. That is why this process is so flawed. And now the House just sent over a bill that is so messed up, they are going to have to vote again tomorrow. To fix the garbage they sent over this afternoon, they are already talking about an additional technical fixes bill to do next year. This is the product that you get when you don't have public hearings, when you don't have bipartisanship, and when you don't take your time. No. 6, this bill is bad for healthcare. People's premiums are going to skyrocket, and 13 million Americans are going to go without health insurance. No. 7, this bill increases income inequality. This bill changes our tax system to reward wealth over work. For me, American capitalism is about, you work hard, you have a good idea, and you are rewarded. It is not about, your dad was rich, he passed the money down, and you are rewarded. American capitalism is about pulling yourself up by your bootstraps. But what we are doing with the Tax Code is unprecedented-- except for during the gilded age. What we are doing with the Tax Code right now is saying: We value already being rich more than we value someone who is climbing that mountain. That is a foundational moral question--do we value work, or do we value wealth? The problem with this bill--and we can go through process and policy and politics, but the foundational problem with this bill is that, through this document, we are declaring that we value people's wealth that already exists. We value passive income more than we value earned income. And that is not good for the United States of America. That is the problem with this bill. We are telling people that we value people who already have money more than people who are climbing that hill. That is why I oppose this bill so strongly, and I think that is why people across America--for the very first time, at least in recent history but maybe in American history, we have a tax cut bill that is so deeply unpopular because people understand what a rotten piece of legislation this is. I urge my colleagues to oppose it. I yield the floor. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Thank you, Mr. President. I rise to speak about the conference report we will be voting on later this evening. Before I do that, I want to mention a few folks by name who deserve a big thank-you for the incredible work they did to get us to this terrific point we are at today. I wanted to start with Leader McConnell. His vision and leadership made this possible, and I am grateful for that. I want to mention Chairman Hatch, who also helped to guide the Finance Committee, which has jurisdiction over our Tax Code; Chairman Enzi, the chairman of the Budget Committee--without a proper budget resolution, this moment would not have been possible; Chairman Murkowski, who has fought for so long to open up this little tiny postage stamp in an incredibly remote part of Alaska to prudent energy development, and finally, tonight we are going to pass the legislation to do that; Senator Cornyn, our whip, who is also a member of the Finance Committee and played a very important role; Senators Thune, Portman, and Scott, with whom I worked very closely for a very extended period of time to try to find the consensus that I think we have reached among Republican Senators. I want to mention Senator Corker. I had many long and ultimately very fruitful conversations with Senator Corker, who approached this in a very thoughtful and responsible way. I am very grateful for him. I want to mention some of the staff who worked incredibly hard on this: Mark Warren, who handles tax policy for Senator Thune; Zach Rudisill, who works for Senator Portman; Shay Hawkins, who handled this brief for Senator Scott; Andrew Siracuse, who works for Senator Cornyn; and Bart Massey, who handled this responsibility for Senator Enzi, and Matt Giroux. They all did terrific work. A big special thanks to some of the guys on my staff who did an amazing job. Randy Herndon joined my team earlier this year and did an absolutely extraordinary job. Fortunately, he has an incredible wealth of knowledge about tax policy, and he was able to put that to work for Pennsylvanians and for Americans in a tremendously constructive way. Brad Grantz, my legislative director, also helped to guide this process. Dan Brandt, who is my chief of staff, did some great quarterbacking. I should point out the Senate Finance Committee staff who worked incredible hours and did a great job--Jay Khosla, Mark Prater, Jen Acuna, and the rest of the Senate Finance Committee staff, and also Brendan Dunn in the leader's office, who played a very important role. Speaker Ryan and Chairman Brady in the other Chamber played an indispensable role in getting us here, as did Tom Barthold, who leads the Joint Committee on Taxation, quantifying every wrinkle along the way in the final product, as well as his team. [[Page S8114]] I should also mention that the President provided constructive leadership along the way, and we worked extensively with Treasury Secretary Mnuchin and the Director of the National Economic Council, Gary Cohn, from the White House. This took a long time to put together and involved an enormous amount of work, but I am so proud of what we have brought to this floor and what I believe we are going to pass later this evening. The process started over a year ago when members of the Finance Committee began to tackle what seemed like a very daunting challenge--the most ambitious tax reform in 31 years. Could we really overhaul the entire Tax Code and achieve two very important accomplishments and do it with the very narrow majority we have, knowing that our Democratic friends did not want to participate in this process, and try to get this all the way across the goal line? I am thrilled to be able to report that I think we have accomplished those two big things. What are they? No. 1, we were determined from the very beginning that we would not even attempt to bring a bill to the floor unless it lowered the tax burden on the families we represent-- individuals, families, middle-income and lower income families. That was No. 1. No. 2, we wanted to fundamentally restructure the business side of our Tax Code so that American workers and businesses can compete and win in a global economy against anybody. I have to tell you, we did those things, and I think that is why this is going to pass tonight. First, on the individual side, this is absolutely a direct tax cut for the vast overwhelming majority of low- and middle-income taxpayers. They will simply pay less in Federal taxes. That is the reality. By the way, most high-income taxpayers will have some tax savings as well. I don't apologize for that. I am in favor of lowering the tax burden on everyone. While not every last individual is going to have a tax cut, the vast majority of people will. We do it through a variety of mechanisms. I will not go through all of them, but a couple of the mechanisms that I think people understand and appreciate are, one, we doubled the standard deduction--what does that mean? That means that a couple filing jointly, as most married couples do, the first $24,000 of income they earn doesn't get taxed at all--zero, nothing. They don't owe a dime to the Federal Government on the first $24,000 that they earn. That one step alone results in a tax reduction for many millions of Americans. In addition, we lower marginal tax rates so that the income people earn above $24,000 gets taxed at lower rates under our bill than under current law. We also dramatically increase the child tax credit so that families with children get this additional benefit on top of the ones I just mentioned. The net effect of all of this is that every single income category pays less in taxes. You don't have to take my word for it; that is the joint tax nonpartisan review of our bill. And low-income earners receive the largest percentage of benefits of all. For people who are listening to this debate, whether in the Chamber here or watching C-SPAN, I can understand that they could be a little frustrated because they hear our Democratic colleagues say: This is a terrible deal for the middle class. Some have even said it is a tax increase. And they have heard me and other Republicans say this is absolutely a tax cut for the middle class. Who are they to believe? I understand that frustration. Let me suggest that there is a simple way to cut through all of this--there are two, actually. No. 1, look what happened on the Senate floor during debate on this. The same sort of argument was taking place when a Democratic Senator offered an amendment to take our tax policy for low- and middle-income families and individuals and make it permanent. If this were a bad deal for the middle class, presumably all the Democratic Senators would vote no, but they did not. They voted yes. It was really quite an extraordinary compliment to our work that they offered an amendment to take what we did--which is not yet permanent; we weren't able to do that; we are going to come back and revisit that, and I hope we will make it permanent--and said: This is so good, we should make it permanent right now. So I appreciate the compliment. I appreciate the validation of the tax cut, that this is for low-income and middle- income families, and I want to work with them to make sure it is permanent. We should be able to do that. The second way we know where the truth lies in this debate is in late January, early February, just check your paycheck. Take a look. Withholding is going to go down because you are going to owe less money to Uncle Sam, so you are going to get a take-home pay raise. It is as simple as that. So the mystery will be all gone when people take a look at their check and discover that, yes, look at that, I actually got the pay raise those Republican guys said we were going to get. I am looking forward to when that happens and, at that point, I think this debate will shift to other topics. That is my guess. I also want to touch on the tax reform on the business side because I think that is what is likely to drive the economic growth and the opportunities I want to see for the people I represent. It comes in a context. The context is the weakest economic recovery in the history of the Republic. After a very severe recession in 2008, we never really had the booming recovery we have always had in the past. It is not a huge mystery why. Our Democratic friends had complete control of the elective government, and they did all of the things they wanted to do. They had the ability--and they did--huge, repeated tax increases with no reforms, a virtual takeover of healthcare, an avalanche of new regulations, and a massive spending binge. They did all of those things and, unsurprisingly, we got a weak economy, not a strong economy. One of the specific problems we have had and that has plagued us ever since that recession is a collapse in the growth of the capital stock, which caused a collapse in the growth of productivity, and without productivity, it is not at all surprising that workers aren't getting raises. The path to higher wages for workers is allowing workers to become more productive. To be more productive, they need better tools, and better tools are acquired through investment. So that was lacking, and that is the heart of what we are fixing. Our reform goes right to this challenge of lowering the cost of deploying capital. What do I mean by deploying capital? What I mean is investing in the very kind of equipment that makes workers more productive and allows them to earn higher wages. A simple example is, you go to a construction site and there are two guys working and one of them is working a backhoe and the other is working a shovel. They are both digging a hole. They are both moving dirt. Which one do you think is getting paid more? The guy operating the backhoe is always making more money because he is able to be so much more productive than any human can be with just his bare hands and a shovel. So when we make it more affordable for businesses to go out and buy new tractors, new equipment, new machinery, that gives them the chance to put those more valuable tools into the hands of their workers. By the way, someone also has to build those things. Someone has the job at Caterpillar of making that tractor. Someone has the job of making that vehicle. Someone has the job of making the machinery. So all of these things coming together are a very powerful driver of economic growth--not the only one. Not only do we lower the cost of acquiring that equipment, we also lower the top rate that businesses pay. We have arguably the most uncompetitive Tax Code in the world--the top rate of 35 percent. What we do in our bill is we lower that rate to 21 percent--slightly below the average of the nations we compete with; pretty close to the average. This is going to free up American workers and businesses to compete and win in all kinds of fields where we are getting beaten today. That is going to come to an end because when we have a chance to compete on a level playing field, American workers and American business, we compete and we usually win. We are going to get back to winning. We also recognize that most businesses in America are not organized as C corps, they are organized as [[Page S8115]] passthroughs--small, subchapter S companies, partnerships. So we have a corollary, a reduction in tax rates for them. It comes as a deduction against their earnings. It doesn't apply to all partnerships. Professional services partnerships, for instance, don't get this treatment. I would like to revisit that. I think we want to revisit that because I personally would like to see this treatment expanded to that category, but the vast majority of businesses--partnerships, S corps, C corps--are going to experience a significant tax cut that is going to allow them to compete. Another big, important feature is moving away from this global taxation system we have. We have all been so disturbed by the stories we have read about of American companies being acquired, sometimes by a much smaller company overseas, not because the economics of the transaction make a lot of sense but because the Tax Code drives them. It just makes very little sense, from a tax point of view, to have a multinational company headquartered in the United States. So we have been driving these transactions that are terrible. They usually cost us jobs. They cost us growth. This comes to an end with this reform. We are not going to have this system where we punish business for bringing money back home to the United States. This punishment ends, and it is going to encourage a huge inflow of capital, of accumulated profits back into the United States, because no longer will companies be facing a penalty tax unique in the world. That is over. It is a very constructive development. What does it mean when you take one of the world's worst business tax codes and you turn it into arguably one of the best? It means more investment. It means more people all around the world are going to want to invest in America. It means more Americans are going to want to invest in starting a new business or expanding an existing business. It means more business will be able to afford the tools and the equipment and the vehicles I referred to earlier. That is the source of economic growth. Some of our colleagues on the other side don't seem to acknowledge that this is a reality, but there is no great mystery here. When you lower the cost of something, you get more of it, and when we lower the cost we impose on businesses becoming more productive, we will have more productivity. All of this comes at a very interesting time in the economic cycle. What I am referring to is the fact that we are arguably close to what economists think of as full employment--4.1 percent, 4 percent. Very seldom does the American economy go below 4 percent for extended periods. It means that when this money gets put to work--when companies go out and start buying this equipment--they need workers to fill the orders, but then they need workers to operate the equipment. Demand for workers is going to go up. What happens when demand for workers goes up at a time when there is a relatively small number who are not employed? It means upward pressure on the wages of those workers. This is exactly the dynamic we have been waiting for and we are going to trigger that and we are going to watch this happen. I think it is going to start relatively quickly-- probably next year--that we will start to see upward pressure on wages. That means the people I represent are going to find that they have options, they have higher compensation, they are getting a pay raise because their employer--it is not because employers suddenly wake up one day and decide: Oh, I will just be more generous today. It is nothing of the sort. This is the only way they can hold on to their workforce, hold on to the employees they need. So it is very likely we are going to see an increasing share of the total economic output in the hands of the workers who ***produce*** it, and I think that is a terrific development. A couple of other points I want to touch on briefly. One is that this legislation also effectively repeals the individual mandate of ObamaCare. Technically, what we do is we zero out the penalty. The penalty for noncompliance goes to zero, and so that is equivalent to repeal. First of all, this is a great strike for freedom, in my view. It is appalling to think that the Federal Government has the right to force an American to buy a product against his or her will--a terrible infringement on the freedom of Americans. Our Democratic colleagues have described this repeal as a stake through the heart of ObamaCare. Think about what a damning indictment that is about ObamaCare. It is a stake through the heart. If the only way ObamaCare can survive is if people are forced to buy the product against their wishes, what kind of product could that be? What kind of business model depends on forcing people to buy your product because they will not buy it if it is voluntary? So not only is it a significant strike for freedom, it is also tax relief for low-income folks. This ObamaCare penalty in Pennsylvania, in my State--and I think my State is typical--83 percent of the people who get hit with this tax penalty are in a household that earns less than $50,000 a year. So this is more direct relief for low- and middle- income folks. The last point I want to make--and I see my colleague from Ohio on the floor. He did amazing, great work getting us to this point. He was a pleasure to work with and enormously knowledgeable, and I just want to congratulate him for where we are today. A quick word about the deficits. Let me start with a very simple observation. I am convinced that when we pass this legislation and it is signed into law, the Federal budget deficits will shrink as a result of this legislation. It is very simple. The reason I say that is the economic growth, the response to the reforms, the very profound reforms we are making are going to give us a bigger economy to tax, and the extra growth, the bigger economy, means more revenue to the Federal Government. So you could reasonably ask: Well, OK, how much more growth do you really need, though, in order to offset the lost revenue that comes from some of the changes you are making? Fortunately, that is a simple exercise in arithmetic. We know what the answer is. Whether it is Joint Tax or the Congressional Budget Office, the nonpartisan analysis is, we will need to average between two- and four-tenths of a percent of extra GDP growth--extra economic growth--each year, on average, for the next 10 years. If we do that, then we will have a smaller deficit as a result of this legislation, not a larger one. So, for me, what this bill comes down to is a simple question: Do you believe in America? Do you believe in the capacity of the American people to restore the vibrant growth we used to take for granted, decade after decade of annual growth of over 3 percent that caused people's wages to rise and the standard of living to grow? We have had this period that has been stagnant, and some of our friends think, Well, that is what America is now. Just get used to it. Accept it. That is the new normal--barely 2 percent growth, if you are lucky. I think that is nonsense, and it is not true. I still believe in America. I still believe in American workers. I still believe in our system. I still believe we are capable of restoring the kind of growth that has always been our birthright. I think this legislation takes a huge step in that direction. It is a direct, immediate tax cut and, therefore, a pay raise for the hard- working people I represent, and it is a series of reforms that is going to encourage economic growth that will result in higher wages and a better standard of living as well. I am thrilled with the opportunity we have tonight, and I urge all of my colleagues to support this legislation. I yield the floor. The PRESIDING OFFICER. The Senator from Ohio. Mr. BROWN. Mr. President, I rise in opposition to this special interest, tax breaks for the rich, trickle-down economics bill that history shows doesn't work. I want to start by thanking Senator Wyden from Oregon, the leader on our side--the Finance Committee has done very good work--and Gideon Bragin in my office who has been one of the tax reform experts in this body. I want to thank both of them. This bill should have been an opportunity for all of us to work together to put money in the pockets of working [[Page S8116]] people. It is pretty simple. Instead of cutting taxes for the middle class, though, Washington chose to cut taxes for millionaires and corporations and pay for it by cutting Medicare and kicking people off their health insurance. It ought to be pretty simple. If we want to cut taxes--if we want to talk about cutting taxes for the middle class--if we want to cut taxes for the middle class, then let's pass a bill to cut taxes for the middle class instead of giving the money to corporations and the richest CEOs and relying on a bank shot, hoping it trickles down. Cut out the middleman. That is what my colleagues claim to want. That is what the President said to us and the country that he wanted, but that is not what this bill does. This isn't a middle-class tax cut--not even close. According to the Tax Policy Center, 83 percent--you see a Monopoly man here on this chart--83 percent of the benefits in this tax bill by the end of the decade go to the wealthiest 1 percent in this country. Imagine, 83 percent of the benefits go to the richest 1 percent of people in this country. That is even worse than the Senate bill passed--which wasn't that great--earlier this month. It was already pretty bad. Sixty-two percent of the bill's benefits would have gone to the top 1 percent of households by the end of the decade. Apparently, 62 percent wasn't good enough for the Republican members of the conference committee. They thought 83 percent of the benefits--83 percent of the benefits--should go to the richest 1 percent in this country, so the bill has actually gotten worse and worse and worse for middle-class families. How did the bill get this bad? It got this bad through massive, permanent tax cuts for the wealthy, for so-called passthrough businesses and corporations, which mostly benefit the richest people in this country. It got this bad through paltry tax cuts for some middle- class families that expire after a few years. Get this. The corporate tax cuts are permanent. They last forever. The tax cuts for individuals, inadequate and immodest as they are, expire after a few years. Gee, I wonder why they did that. It was through a new way of calculating inflation called Chained CPI, which will primarily hurt middle-class families. That doesn't even take into account the millions of Americans--my colleague from Pennsylvania was part of it; in the middle of the night they put a new provision in this bill that will cost 13 million Americans their health insurance. So 13 million Americans will lose insurance under this bill. All kinds of elected officials, all kinds of us in the House and Senate have insurance paid for by taxpayers, and my colleagues are willing to take insurance away from 13 million people, most of whom have jobs. They don't have jobs that pay what we make. They don't have health insurance like we have. They don't get pensions like we have. They are making $8, $10, $12 an hour and can't afford insurance. We, as privileged elected officials, are going to take insurance away from 13 million people, and at the same time it will raise insurance premiums 10 percent--not 10 percent over time, but 10 percent a year. If you are paying $500 a month in insurance now, you will pay $550 the next year, and you will pay more than $600 the following year. It didn't have to be this way. Our door, as Democrats, has always been open. Democrats represent half this country. Democrats wanted a seat at the table and wanted to help write a bill. Let me illustrate. A number of us in the Finance Committee in both parties, including my colleague from Ohio, Senator Portman, and Senator Toomey, Senator Wyden, and others, were invited to the White House to meet with the President to talk about the tax reform bill. I presented the President two bills I have been working on. One was the Patriot Corporation Act, which was pretty simple. It says that if corporations do the right thing--if they pay good wages, if they provide good health insurance and pension benefits for their employees, and if they keep their production in the United States of America--they get lower tax rates. The other bill, called the Working Families Relief Act, is also pretty simple. It puts money directly in the pockets of people making $25,000, $50,000, and $75,000 a year. The President of the United States looked at me and said: I like the Patriot Corporation Act, and I like the Working Families Tax Relief Act. After the hour-and-a-half meeting, which was witnessed by a dozen Senators in both parties and a number of his Cabinet officials, including Secretary Mnuchin in the Cabinet room at the White House, I walked up to the President and said: Thank you for your interest. I handed him and his chief economic adviser, Gary Cohn--whom I am proud to say is from Cleveland--copies of the bill. Then, something started to happen. Then the meetings started in Mitch McConnell's office. For people who don't work here and live here and see this, I would point out that down the hall, 100 feet, is Senator McConnell's office. Pass the Ohio clock--that is my State; pass the Ohio clock, and 100 feet down the hall is Senator McConnell's office. The meetings started in Senator McConnell's office. The President of the United States said that he liked the idea of the Patriot Corporation Act, liked the idea of the Working Families Relief Act, but then he turned it over to Senator McConnell. Do you know what happened? Wall Street lobbyist after Wall Street lobbyist walked in that door and out that door; tobacco lobbyist after tobacco lobbyist walked in that door and out that door; oil company lobbyist after oil company lobbyist walked in that door and out that door; drug company lobbyists from all over the country walked in that door and out that door. They walked in that door. They didn't literally carry bags of money out that door after they made their points and made their pitches, but they carried provisions in the tax bill that will make their employers bags of money. They didn't carry bags of money themselves. That would be uncouth. But they sure wrote provisions in this tax bill that provide bags of money for their companies--for the tobacco companies, for Wall Street, for the oil companies, for the drug companies. Over and over and over, Republicans made clear--not that they would pass the Patriot Corporation Act even though the President had said that he liked it, not to pass legislation like the Working Families Tax Relief Act even though the President had said that he liked it; they made clear that they are benefiting one class of people--the wealthiest Americans, corporate CEOs, board members, and stockholders who see their profits rise and grow their businesses when they ship jobs overseas. Remember, we have said many times here as we have tried to end this tax loophole that if you shut down production in Mansfield, OH, or you shut down production in Hamilton or Zanesville or Chillicothe or Lima and you move it overseas, you get a tax break. They open a factory there and ship it back into the United States of America. This bill didn't fix it. It didn't close that loophole. It didn't fix that. It made it worse. It greased the skids for those companies to shut down faster in Mansfield, Lima, Chillicothe, and Zanesville, OH, and move their production overseas. They get bigger bonuses, they make bigger profits, and they get bigger stock dividends. Republican leaders like to claim that somehow, if you give a big corporate tax increase, if you cut corporate taxes as this bill does, about 40 percent, $4,000 would end up in the pockets of every working man and woman in this country; workers would get a $4,000 raise. Of course, nobody believed them, but that is what they said: They would get a $4,000 raise. Do you know why I know that is not true? Because history shows that anytime they get big tax cuts, anytime they bring dollars from overseas, the money doesn't go into employees' pockets. It doesn't usually go to create jobs. It goes to give more benefits to the executives. The other reason I know that is not going to happen--that these dollars will not go to employees and not go to investing in more jobs-- is that their corporate pals let the cat out of the bag and made clear they won't. CEOs from the largest corporations, already on record, state plainly that they are not raising wages; they are not going to hire more workers. [[Page S8117]] What are they going to do with this windfall? I know this will come as a shock. They are going to keep it for themselves. Imagine, these CEOs in and out of Senator McConnell's office--the drug companies, Wall Street, tobacco companies, oil companies, all the others. Believe it or not, the CEOs of these corporations are already making $8 million, $10 million, $12 million--some are making $20 million a year. That is not enough for them. Why would that possibly be enough? If you are making only $20 million a year, you have to do something to juice it a little bit, so they will keep that money for themselves. They will do bigger bonuses, they will do stock buybacks, and they will do dividends. End this charade. I have heard all this happy talk on the floor about how this is going to make Americans more competitive and how it will trickle down to the middle class. If you want to do a middle-class tax cut, do a middle-class tax cut. Don't bank-shot it. Don't take out the middleman. Don't give it to corporations and say: Please, oh please, oh please, give us a middle-class tax break. It never works that way. Republican leaders had a chance to work across the aisle. I heard Senator Toomey say that Democrats didn't want to be involved. I heard Senator Cornyn say that Democrats didn't want to be involved. I like those two gentlemen. I have worked particularly with Senator Cornyn on a number of things. We are working on a couple of issues right now. They know that is not true. They sat in that White House meeting. They heard the President of the United States say to me and to Senator Casey and to Senator McCaskill and to Senator Stabenow and to Senator Wyden and to a couple others--they heard us offer reasonable proposals. The President was agreeable. Many of them were part of his campaign. Candidate Trump was saying a lot of these things during the campaign. But then, lo and behold, they said: Democrats don't want to be a part of this. Well, not exactly. We had a bill to expand the child tax credit. We had a ***plan*** to reward companies that create jobs here. All that got jettisoned down the hall in Senator McConnell's office. Down this hall, down this hall in Senator McConnell's office, 100 feet away, is where these deals were cut--these deals with the drug companies and oil companies and tobacco companies and Wall Street lobbyists going in and out of his office. I didn't see all of them come out, but I am guessing they had really big smiles on their faces. These massive cuts for corporations come at a heavy price for the middle class. When 1 percent gets richer and richer and richer, we know the middle class shrinks. These massive cuts come at a heavy price. This bill will explode the deficit. We know that. Even my colleagues call themselves deficit hawks when there is a Democratic President, but following the enforcer in chief, the Wall Street Journal editorial page--they call themselves deficit hawks when there is a Democratic President, but all of a sudden, they say: We will grow out of the deficit. We know this bill will explode the deficit. We know what the ***plan*** is to deal with the deficit. Do you know what they will do? They will steal the money Americans have paid into Social Security and Medicare. How do we know that? I am not just saying it. As a progressive Democrat in this body, I am not just saying: Of course they are going to cut Social Security and Medicare. I think that, but do you know why I am sure of it? I am always pretty sure of it because that is what they do. But I am sure of it because they said that. They made their ***plans*** crystal clear. Speaker Ryan said that he wants to turn next year to what he calls entitlement reform. There are retirement and health benefits that people earn over a lifetime of work--social insurance. You pay into Medicare over the course of your life. When you need Medicare, when you are 65, you get this insurance. You pay into Social Security your entire life. You either get survivors benefits for your children or you get disability or you get retirement when you reach the age of 66, more or less. You pay into unemployment insurance. If you need it--God willing, you don't, but if you need it, you get help. That is what social insurance is. You pay for it, and you get help from society. It is societywide social insurance. But the Ways and Means chairman, Kevin Brady, said that the next stop for Republicans is to tackle entitlements. Here is what we know. This bill is going to cause huge deficits. We know that. They have acknowledged it, and 2, 3, 4 years from now, Republican Members will come to us--after the lobbyists have been down the hall in Senator McConnell's office, they will come back and say to us: We have this huge budget deficit. We are going to have to raise the eligibility age to maybe to 70. Some of them have talked about that. We are going to have to privatize Medicare. They will say: We have to make these ***programs*** stronger and sustainable. Nobody thinks they want to make them stronger. They want to cut them. That is how you save money, even though you don't in the end. Here is what is aggravating about this. Think about it. All of us--a number of people here in this body are past what society has designated as retirement age, 65. A number of Members of this Congress, particularly in the Senate, are over 65. I work in my garden. I work outside. I do things. But I am not working in a diner, I am not working construction, and I don't use my arms and shoulders and brain and legs to do my work. We work here. We work in jobs we are privileged to have, and we get good compensation. We get a good salary, and we get good benefits. But we are going to tell a bunch of people who work with their hands and work with their brains and work with their bodies and work with their arms and shoulders and whose knees break down over time--we are going to tell the barber in Barberton, we are going to tell the truckdriver in Evendale, we are going to tell the construction worker in Conneaut, we are going to tell the waitress in Warren, we are going to tell the nurse in Newark that they are going to have to work until they are 70, sorry. Is that what we are going to do? Follow this simply. This tax cut causes a huge budget deficit to give money to the wealthiest people in the country and creates a huge hole in the budget. Who is going to fill the hole in the budget? Not the lobbyists walking in and out of Senator McConnell's office 100 feet down the hall. They are not going to pay for it; they are not going to have to pay for it. It is going to be the nurse in Newark who has to work until she is 70; it is going to be the waitress in Warren who has to work until she is 70; it is going to be the carpenter or construction worker in Conneaut; it is going to be the barber in Barberton and the truckdriver in Evendale. If we pass this bill, 83 percent of the benefits go to the top 1 percent, and this 83 percent, a lot of which blows a hole in the budget deficit, is going to be paid for by working families. So cut out all the crap about this being something for working families. It is not. I will say this for Republicans in Congress: They are making it pretty easy for the American people to see whose side they are on. You are either on the side of everyday working Americans, who are working more hours than ever before and getting too little pay for the hours they are working--they are either working for them or they are working for the people in Senator McConnell's office down the hall. I want my colleagues to just pick through this. I want my colleagues to think about this picture, this stream of lobbyists in and out of Senator McConnell's office, this stream of lobbyists from America's largest, richest corporations--the drug companies, the tobacco companies, the insurance companies, the companies that tend to run this government. I want you to think about that. Are you on the side of the workers who are doing the heavy work and can't work until they are 70 or are you on the side of CEOs and politicians who do the bidding of these CEOs? It is a pretty clear case. It is a picture that is pretty obvious. Americans deserve better. We can do better for them by starting from scratch with one goal in mind: If we want a middle-class tax cut, I say to the Senator from Utah, don't talk about a middle-class tax cut, don't do trickle-down economics. If you want a [[Page S8118]] middle-class tax cut, then give a middle-class tax cut. Give a tax cut to the middle class. It is pretty simple. I yield the floor. The PRESIDING OFFICER. The Senator from Ohio. Mr. PORTMAN. Mr. President, I want to talk tonight about a once-in-a- generation opportunity we have in this Senate tonight to help middle- class families, to help grow our economy. I am going to talk about the facts. I am not going to be making stuff up. I am going to talk about the real middle-class tax cuts that are in this legislation. I am going to show you charts that indicate not just what kind of tax relief is going to be there for you and your family but who is going to pay, where the burden is. Despite what you are hearing on the floor tonight from some on the other side of the aisle, the burden of taxation actually increased in this tax bill for the wealthiest Americans. In terms of defending the status quo, which is a situation now where jobs and investment are going overseas, I think it is an outrage that this body has sat and watched company after company go overseas because of our Tax Code. To say we shouldn't fix it, I don't get that. If we don't lower the rate on businesses and workers who are competing every day when you have the highest rate in the industrialized world and you have an international system that rewards revenues being kept overseas--$2.5 trillion to $3 trillion of earnings overseas instead of bringing that back--that status quo is not acceptable. We can engage in all kinds of rhetoric here tonight, but if we stick to the facts, I think we might be able to see why this legislation is not only going to pass tonight but why so many Americans who are struggling because they are living paycheck to paycheck are going to be happy with this legislation. The proof is in the paycheck. People say the proof is in the pudding. The proof is in the paycheck when people see their withholding changing--less money being taken out of their paychecks for taxes--when they see they have a little more take-home pay and the family's budget is a little healthier, when they see the economy begin to take off, and when they see the end of this exodus of U.S companies going overseas. In the last 13 years, 4,700 American companies have left our shores and gone overseas--being bought by foreign companies--that would not have gone if this Tax Code we are promoting tonight had been in place. That is based on an Ernst & Young study. Check it out. It is a big accounting firm. So 4,700, and when they leave our shores, guess what, they take their jobs and investments with them. You might wonder why wages have been flat in this country for the past couple of decades. It is because people who are supporting the status quo and don't want to change this Tax Code are leaving workers in America with no opportunities to get ahead because not only are wages flat but expenses are up. That is called the middle-class squeeze. It is very real, and it is happening. I would ask folks, when they are thinking about what you are hearing tonight on the floor, remember, one side is supporting the status quo. The status quo is not working. It isn't working for people in America and people in my State of Ohio who tell me: Rob, I am working hard. I am playing by the rules. I am not getting ahead. The statistics bear that out. Yes, some people are getting ahead, but it is not the guy or the woman working on the shop floor in a factory in Cleveland, OH, or Columbus, Toledo, Dayton, or Cincinnati because their wages have been pretty darn flat. Again, their expenses are up, especially healthcare, which is the largest single one of those expenses. They want some help. This legislation gives them that help in two ways: One, real middle- class tax cuts. We will talk about that in a second. Second, letting them be competitive instead of competing with one hand tied behind their backs because they are competing in a global economy, and they know that. Give them a chance. Give them a tax code that actually is up-to-date and competitive and lets them have the opportunity to build a better life, not just for themselves but for their kids and their grandkids because that is what they really care about. Again, I am happy to talk about that opportunity we have tonight, and it is a rare opportunity because we have not reformed this Tax Code in any substantial way in 31 years. Think about that. I celebrated my 62nd birthday today. That means we have not reformed the Tax Code in 31 years. That is half of my life. By the way, 31 years ago, Ronald Reagan was President. Pete Rose was still playing for the Cincinnati Reds. ``Top Gun'' was at all the box offices. It was a big hit. That is how long ago that was. During that time, I will tell you that every other country we compete with, all of them, have reformed their Tax Code, except us. We have sat back and had this debate. We have had this gridlock, partisan gridlock, in Washington because we can't get our act together. By the way, if you are a worker trying to get ahead, you can't do it on your own because the Tax Code has you competing with that one hand tied behind your back. Only this place, Washington, Congress, a President, can propose, develop, and sign legislation that can help address this problem. This is our job. I sure hope we will do it. In 1986, when that tax reform was passed 31 years ago, it led to two things: one, more economic growth. In the 1980s and 1990s, we did have economic growth--3, 3.5 percent, even 4.5 percent growth. Think about that. We are now living, over the last 10 years, with growth, on average, at about 1.5 to 2 percent. That is a big difference. The second thing it did is, it got wages up. Wages actually increased during that period after that tax reform. We need to do it again. Our economy needs a shot in the arm again, not just to improve the economy but to improve take-home pay. That is what this tax reform proposal is designed to do. We have heard, on the other side of the aisle, how this has moved too quickly, somehow there hasn't been enough thought put into this. I think it is long overdue. I think we should have done this years ago. I also know, from being involved in these issues over the past couple of decades on the House Ways and Means Committee and now in the Senate Finance Committee, there has been a lot of thought put into this issue. Just since I was elected to the Senate in 2010, there have been 70 hearings on tax reform. Chairman Hatch is in the Chamber tonight. He will tell you, 2 years ago we had five bipartisan working groups covering every part of the Tax Code. The bipartisan working group that I cochaired with the Democratic leader, Chuck Schumer, focused on the international side. Do you know what we decided? We decided we have to have a lower business rate because it has to be competitive; otherwise, we will continue to lose jobs in investment overseas, and we decided we have to have an international system that is competitive and bring back some of that $2.5 trillion to $3 trillion that is stuck overseas back to this country for more jobs and investment. Guess what. It was bipartisan then, and it is in the tax bill now. Those are the ideas that are in this tax bill before us. They make sense. In fact, for years, there has been a bipartisan agreement that our Tax Code is broken, and it is Congress's responsibility to fix it. I would like to commend tonight Speaker Ryan; Leader McConnell; Finance Chairman Orrin Hatch, who is on the floor; Ways and Means Committee Chairman Kevin Brady, who has been a strong and fair negotiating partner with the Senate. I also want to thank my colleagues who have spent so many hours on this effort: Senator Toomey, whom you heard a little while ago talking about the economic benefits, as he does so well, Senators Scott, Thune, Cornyn, Enzi, and Murkowski. They were all on the conference committee, but many others too. Senators Collins, Johnson, Rubio, Corker, who all helped us get to this point and improve the legislation. The bill that passed the House earlier today, and we are going to vote on tonight, is the result of years and years of research and debate. It makes good on the promise we have made to create a tax code that provides tax relief to hard-working families but also positions America for leadership in the 21st century global economy. While we have seen some improvements in the economy recently, we have seen better economic growth [[Page S8119]] numbers. Again, a lot of people I represent are not seeing the benefit of that. That is why we have to pass this bill. For years, colleagues on both sides of the aisle have called for middle-class tax cuts to help ease the burden. This legislation will finally actually deliver that middle-class tax relief. We have the opportunity to provide it tonight. Starting January 1--less than 2 weeks from tonight--that tax relief goes into effect. People are going to see how this tax reform helps them as soon as the IRS can adjust withholding in paychecks, which I would hope would happen before the end of February. Again, the proof is in the pudding. The proof is in the paycheck. People are going to see it. People can go online now and use a tax calculator to see how it will affect them and their families. This is going to happen, and it is going happen soon if we pass this legislation tonight. Again, the most immediate benefit is for working families and for the middle class. This bill doubles the child tax credit. It also increases the refundability of the child tax credit. For those families with kids, you have the opportunity now to save a little more money to deal with the expenses of raising a child. It doubles the standard deduction from $12,000 per family to about $24,000 per family. This, in effect, creates a $24,000 zero income tax bracket for families and simplifies the Tax Code. Probably 90 to 95 percent of Americans are going to take that doubling of the standard deduction, I am told, and that will simplify their returns but also give them tax relief right away. It lowers tax rates for families across the board, with the largest proportional benefit going to those at the lower end of the income ladder, those who need it the most. In fact, the combination of these tax cuts for lower income Americans means that at least 3 million Americans who have income tax liability now are going to pay nothing in taxes. They will be off the tax rolls altogether. I have a letter from the Joint Committee on Taxation that affirms that. At our meeting last week of the conference, you can see where the Joint Committee affirmed that again. Over 3 million are going to pay no income taxes at all who pay income tax now. For those who say there is no benefit there, talk to those 3 million people. They feel the benefit. In fact, those people are going to be off the tax rolls altogether because of the tax relief we are passing tonight. As this chart shows, every income group will receive a tax cut. This one is for the year 2019, so it is a year after the tax cuts are put in place, which starts in just a couple of weeks. We have heard a lot from opponents that the top end, those making $1 million or more, as we just heard a little while ago, get all the benefits. It is simply not true. This shows that the biggest percentage cut is among folks making between $20,000 and $30,000 a year. That is the biggest, a 16.3-percent cut. It also shows that the smallest percentage cut is among those making $1 million or more, a 5.9-percent cut. Again, there is tax relief across the board here, but the bigger benefit is among folks at the lower end of the economic scale. In fact, when you look at who pays the income tax, you will see that those at the top are going to pay a slightly bigger share of the tax burden under this bill. Today, those making between $20,000 and $50,000 a year pay 4.37 percent of the income taxes. Under this bill, they are going to pay a little less, 4.1 percent of the income taxes. Those who make over $100,000 will go from paying 78.7 percent of the tax burden to 79.1 percent of the tax burden. If you make over $100,000 a year, you are paying 78.7 percent of the tax burden today, and that is going to go up. Your share of the burden is going to go up. The Tax Code is pretty progressive right now, and it gets even more progressive under this tax legislation. These are not my numbers. These are the numbers from the Joint Committee on Taxation, which is the nonpartisan group that scores these things. Check out the numbers yourselves. Go on the Joint Committee on Taxation's website, jct.gov, and check it out. When you don't consider not choosing to buy healthcare insurance to be a tax increase, which is how the Joint Committee on Taxation scores ending the individual mandate, every income group of taxpayers gets a tax cut under this ***plan*** every year, for the next 8 years, during the time this tax cut is in place. Yes, it does expire, as did the tax cuts in 2001 and 2003. Congress took those up, and for 95 percent of Americans, we extended that tax relief. I hope we will do that again--I expect we will--but during these next 8 years, this is real tax relief, and it is needed. I reject the premise that choosing not to buy healthcare insurance under the Affordable Care Act's individual mandate is somehow a tax hike, and I think most Americans do too. Take a look at the Rules Committee's website at rules.house.gov, and you will see how a typical family of four at the median income level will save more than $2,000 a year on its taxes as a result of this ***plan***. The median-income family in Ohio--and in your State wherever you are--is going to be saving more than $2,000 a year on its taxes. Some have told me, as I walk down the halls here, that is not much money. Do you know what? For families who are living paycheck to paycheck, that is a lot of money, and it does help. It can be used to pay for healthcare, to buy gas, to buy groceries, to maybe add a little more to one's retirement. Of course, beyond the middle-class tax cuts that are in this legislation, families and workers are going to benefit from more jobs and higher wages, as we talked about earlier. This is going to be because there will be new investment and because there will be more productivity, which is the thing that is really lacking in our economy right now. Our productivity is weak. All of the economists agree on this whether they are right, left, or center. You have to do something to boost that productivity because that is going to result in higher wages, and more competition for workers is going to result in higher wages. That is going to happen because this Tax Code is focused on increasing wages through more investment. We have talked about how companies are going overseas now and how the status quo is not working. It is crazy that Congress allows that to happen, and fixing it is long overdue. We have talked about the $2.5 trillion, $3 trillion that is stuck overseas right now. We want to bring that home. We want to add more jobs and investment in this country. We did a study in the Permanent Subcommittee on Investigations--a bipartisan effort. We studied these companies that go overseas through what is called inversions or by being purchased by a foreign company. What happens? Do they just move their headquarters overseas? No. We found out they also move jobs and investment. This is real. It is happening now. We can fix it. That is what this bill is intended to do, and I believe you are going to see not just middle-class tax relief to help with the take-home pay and the family budget, but you are going to see this increase, finally, not just in economic growth but in wages. That also makes the family budget a whole lot more healthy. I see Senator Cassidy has just come to the floor. Let me address an issue that has been misrepresented on the floor this afternoon. I heard one of my colleagues say this bill gets rid of the historic tax credit. It does not, thanks to the efforts of some of us who strongly support it, including Senator Cassidy. We actually retain the current 20-percent credit in the Senate-passed bill and in the final legislation. By the way, this historic tax credit has been very helpful. It has been instrumental in generating more private funds to restore historic buildings across my State of Ohio, including in my hometown of Cincinnati, as well as in Cleveland, Columbus, and elsewhere. We also preserve the important tax credit for urban redevelopment through the new markets tax credit and the private activity bonds, which are still in this legislation just as they are in current law. In Ohio, again, these tax incentives have leveraged a lot more private sector dollars, spurred economic growth, job creation, affordable housing, and I think have ultimately increased the tax revenue because, as people are working and as you get these buildings up and going, economic growth is generated, and so is tax revenue. They pay for themselves, in my view. I have shared some [[Page S8120]] of those success stories in my home State throughout this process, and, again, we have successfully maintained those provisions in our final bill. The result is, we have a good tax reform bill that achieves the things that Republicans and Democrats alike have long supported--tax cuts for the middle class and a more competitive Tax Code for American workers and companies. My colleagues on the other side of the aisle tonight have talked about this being bad for the deficit. I just have to tell them I respectfully disagree. The most important thing we can do right now to get the deficit down is to get this growth back because economic growth results in more revenue. One point in economic growth alone puts $2.7 trillion more in revenue into the coffers of the Federal Government. That is based on the numbers from the nonpartisan Congressional Budget Office. Think about that--$2.7 trillion more with just one point of economic growth. The budget score we were forced to use for this legislation estimates a very conservative level of economic growth--at a weak 1.9 percent over the next 10 years. That was the last 10 years. We don't want to repeat that. We don't have to repeat that. The average economic growth over the past 30 years has been more than 2.5 percent, and over the last two quarters, we have had economic growth of 3.1 percent and 3.3 percent. The Federal Reserve's and private forecasts are both above the CBO's growth projections for next year, as an example, to show you why I think the CBO's numbers are way too small, too weak. That 1.9-percent growth is not only wrong, but I believe it is unacceptable. It cannot be the new normal. With the strength of our economy right now, paired with the pro-growth changes in this tax reform ***plan***, I believe economic growth will surpass this relatively low projection that we are forced to use by increasing economic growth at just 0.4 percent more than this 1.9 percent, this weak projection. In growing the economy at about 2.3 percent rather than at 1.9 percent, on average, there is sufficient revenue to pay for all of the tax relief in this ***plan*** plus to begin to pay down the debt. That is what I believe will happen if you do the right kind of tax reform. It has to be the right kind. It has to be pro-growth. I believe what we have done in this bill is exactly that. There is no question that we are going to have more economic growth and more investment in America. The current Tax Code is so broken that it is pretty easy to do that, honestly--to create a more efficient and effective and productive Tax Code. I believe a more confident America, with rising wages and stronger economic growth, by the way, is much more likely to address the very real fiscal challenges we face as a country. This tax reform bill is not just about dollar amounts and bottom lines, though; it is about the investment we are making in American families, American workers, and American businesses. We are giving families the freedom to spend more of their own money how they see fit, we are putting faith in American entrepreneurs and workers to compete and win in the global market, and we are creating a fairer tax system that levels the playing field and creates jobs and investment here in America rather than overseas. Our constituents deserve this; they deserve better than the status quo. They deserve more than just hollow promises; they deserve a brighter future. I believe the Tax Cuts and Jobs Act will reopen our economy as the best place in the world to do business and create that brighter future for all Americans. Thank you. I yield the floor. The PRESIDING OFFICER (Mr. Rounds). The Senator from Utah. Mr. HATCH. Mr. President, I, personally, congratulate the distinguished Senator from Ohio. He is one of the most intelligent people in this body. He has had all kinds of experience outside of the Senate. He is a person whom everybody should listen to. He makes a lot of sense. He is one of the most valued members of a very strong committee, with all kinds of valued members on it, but he is one of those valued members on the Senate Finance Committee, and I have nothing but respect for him. Everything he has said here this evening is true. It is mind-boggling to me that we even have arguments from the other side. We are talking about pulling this country out of the mess it is in, and it is going to take this. I just want to compliment the distinguished Senator from Ohio. He is a terrific human being, with a tremendous ability, who has had a lot of experience outside of the U.S Senate, and who has been successful everywhere he has gone. He is one of the most distinguished members of the Senate Finance Committee. He is not talking politically; he is talking factually. I just wish everybody in this body were on the floor to listen to him. I have tremendous respect for him. That is one reason I am getting up here right now. We can turn this mess around, but if we don't do it soon, it may be impossible to turn it around. We have been spending this government into bankruptcy. That is where we are. We keep making excuses so we can go back and beat our breasts and claim we are doing so much for the people when we are just spending them right into bankruptcy. It is making it more difficult for the committees to do their work. I just wish we could get both sides together once in a while instead of having all of this inner conflict on everything that comes up. It is almost like, if a Republican says something, it has to be contradicted, and I might add, if a Democrat says something, he has to be contradicted. I don't mind good arguments. I don't mind people having different points of view. That is what makes this place a great place. That is what helps the United States of America to be a great country and a great government, but we don't even listen to each other anymore. Where is this bipartisanship that this country really, drastically needs? We happen to be in the majority right now. It seems to me that a decent minority would want to find ways to work with the, hopefully, decent majority. I think we can be very decent on our side, and I believe my colleagues on the other side can be very decent. Let's get rid of the politics, and let's do what is best for America. Let's get this country out of the mess it is in. The distinguished Senator from Ohio has shown us some ways here. Our tax policy is for the birds. We know what we need to do, but every time you raise a solution, you have somebody saying: Well, that is not the answer. Then we have the conflicts between the two Houses. That is good because that is what helps us to refine some of this legislation. All I can say is, I just wish all of us would put the country first, put politics second, be politically astute but at least be open to rational reasoning, whether it comes from the other side or our side. I am just amazed at how we can sit and belabor these things day in and day out and never really get together. We are hurting the country because we are unwilling to get together. We are hurting the Congress of the United States because we are unwilling to get together. I could go on and on as to our unwillingness to get together. I think it is time for us to wake up and start saying: Look, let's find common ground. Let's find ways of getting together instead of constantly fighting each other on every stinking issue that comes up. There are reasons for differences in politics and reasons for differences in tax policy, but we ought to be able to at least discuss these differences without there being total partisanship, which is what we are, unfortunately, suffering from. I believe we can turn this mess around. If we do, it will be a banner for everybody to march behind, and it seems to me it will be an example for the whole world. I would like to see us do it. I know there are people on the other side who cannot stand the President. Yes, he won an election they didn't think he should have won, but he did win. He has thrown his hands open to the other side and, I believe, would do more. It was only 7 or 8 years ago when he was much more moderate than he is now. I think all they need to do is to reach out and grab his hands and say: Look, we will find some common ground here in the best interests of our country and in the best interests of everybody. It is not bad to fight things out. I don't have any problem with that. [[Page S8121]] That is part of this body, part of what we do. But we actually have to come to some conclusions that will push the country forward, and we are not doing that, except on a limited basis that really doesn't amount to all that much. We are coming to the end of a very difficult year. The Democrats thought they were going to win the Presidency, and they didn't. They especially feel badly about losing to somebody like Donald Trump, who, I think, has held out his hands and his arms to them and would do so if they would just embrace a little bit more of what he is trying to do. I would like to see us do this. I believe he would throw his arms out to whomever in this body would work with him, and by working with him, we may be able to get some of our ideas on both sides actually put into law that may help this country. I really particularly enjoyed and appreciated the comments from the distinguished Senator from Ohio. I think he is one of the most distinguished people in this body. Earlier, I heard the distinguished Senator from Pennsylvania. He is a brilliant guy who works his butt off to try to get us into good places. We ought to listen more to these folks. There are folks on the other side who are brilliant, too, who, I think, make a real difference. I particularly enjoy my counterpart on the Senate Finance Committee, Senator Wyden from Oregon. We are different. We have different philosophies, but I have never seen a day when he wasn't willing to sit down and work out our problems, and that to me is pretty important. Our leaders are good people. I have watched Chuck Schumer for all the years he has been in the Senate and before, and he is a better leader than what we are getting here lately. I have watched Mitch McConnell. Mitch is one of the shrewdest people I have seen in this body since I have been a Member, and he is open. I would like to see our leaders get together a little bit more. I would like to see a little less fighting and a little more constructive work together. I don't expect miracles because I have been here only 41 years, but I do expect that we can do much better than what we are doing, and it is going to take both sides getting together to do it. We happen to be in the majority right now, and the Democrats should give us an edge. We should give them the edge when they are in the majority. I think that I, for one, have done that. I hope we can put aside our differences and start working together in the best interest of the country. I believe in this country. It is the greatest country in the world. People all over the world are praying that the United States will get it together. They know that we can lead. They know that we have leadership in the Congress of the United States. We can get it together if we will. I appreciate my colleagues on both sides of the aisle. I appreciate that we have differences. I appreciate that sometimes those differences put us into pitched battles. That is not all bad, either. But it is bad if we don't work things out and if we don't look for the good on the other side in both ways. I yield the floor. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. CASEY. Mr. President, I wish to commend the distinguished chairman of the Finance Committee for his hopes for more bipartisanship and his concern about the way the Senate is working today. I appreciate that. I think we all hope that in the new year there will be more bipartisanship. I think there are some areas where we can work together. On this issue, though, I think we have some basic disagreements, and we are still debating those and articulating our differences before we cast a vote tonight. I have said for a number of weeks now--not months but certainly weeks--when describing the bill that is before us, the prior iteration of the bill in the Finance Committee and the version in the House, that I thought that each one of them had a few things in common, in my judgment. This is my sense of the overall bill. First of all, I think every one of these bills has been a giveaway to the rich or the superrich and a giveaway to profitable corporations. I think it is excessive. We have a difference of opinion on that. This is a tax bill, and yet it will have a substantially adverse impact on health care because of one basic provision that was added in the last couple of weeks. That provision alone will cause healthcare premiums to increase by an additional 10 percent a year, and it will cause 13 million people to lose their healthcare, according to the Congressional Budget Office, including, by one estimate, 5 million fewer Americans benefitting from Medicaid. At a time when we should invest substantially in the middle class and invest in our children, roads, bridges, schools, scientific research, skills training, and broadband in rural communities--we can make the list even longer--this tax bill prevents that from happening in a significant way because of the giveaways that I talked about to profitable corporations and the superrich. This bill will literally pay for a permanent corporate tax cut on the backs of middle-class families in the next decade. Congress's official scorekeeper, the nonpartisan Joint Committee on Taxation, tells us that in the next decade, meaning the second 10 years that this bill is in effect, the bill uses hundreds of billions in tax increases on working families to pay for a permanent corporate rate cut. I will say that again. In the next decade, taxes go up for you across America, working families, to pay for a 14-percentage-point cut for profitable corporations. This kind of result, where we have a corporate tax break which increases debt and someone else has to pay for it down the road, is a result that only a swamp dweller could support, but unfortunately that is where we are today. How about for children? There has been a lot of discussion about the child tax credit. Thankfully, there was debate about that. We don't talk about children in this body nearly enough or that tax credit, but, unfortunately, even the proposals by some on the Republican side weren't adequate enough. Even the ones rejected may not have been enough. Under this legislation parents of 10 million children in the lowest income working families will either receive no improvement in the child tax credit or a token increase of $1 to $75. The last minute changes to the bill, which got a lot of publicity in the last couple of days--those last-minute changes to the bill--will do nothing additional for these families. Another 14 million children in low- and middle-income working families would get something by way of the child tax credit but less than the full $1,000 per child increase that a family making $400,000 a year would receive. For a fraction of the hundreds of billions of dollars going to the very wealthy and profitable corporations, we could have, in this bill, made sure that every low-income parent gets the full $2,000 per child tax credit, but because of the way the bill is written, it doesn't allow that to happen for every low-income parent. I think that would have been a worthy goal of the legislation, but that is not where we are. To say that is unfair is a vast overstatement. The families who need it the most aren't getting the full benefit of the child tax credit increase, but those who are wealthy get an extra $2,000 of child tax credit. I mentioned the Joint Committee on Taxation. Let me give you another way to look at the bill according to the Joint Committee on Taxation. The JCT estimates that in 2019 alone, the second year the bill is in effect, were it to pass, more than $36 billion in tax cuts will go to households worth more than $1 million. That is in the document entitled JCX-68-17 of the Joint Committee on Taxation. It is a $36 billion cut for the wealthiest Americans, while over 57 million middle-class households--my definition for those making under $100,000--will see a tax increase or tax cut of less than $9 a month in 2019. So for 57 million middle-class households, they will see a tax increase or a tax cut of less than $9 a month in 2019. Instead of lining the pockets of the rich with $36 billion in tax cuts in 2019, that money could have been used to connect Americans to the internet, especially Americans who live in rural areas. Let me be precise: 39 percent of the people living in rural America don't have high-speed internet. Mr. WYDEN. Will my colleague yield? [[Page S8122]] Mr. CASEY. Yes. Mr. WYDEN. My colleague is making a very important point, and I think it would be great if he would repeat those figures, because all night we have had Republican Senators come to this floor and say: Hey, middle class, just wait until February. Wait until February, and your paychecks are going to be bulging. From what my friend from Pennsylvania has just said, using this new data that we just got from the Joint Committee on Taxation, what we have picked up--and my friend from Pennsylvania has clearly done his homework--is that something like 60 million taxpayers with an annual income of $200,000 or less will get practically nothing--maybe $100 a year in tax relief or a tax increase. So I think what my colleague is talking about--I would like him to walk me through the numbers he used--is that it directly contradicts what we have been hearing last night, where one Republican Senator after another was saying: It is just going to be good times come February because your paycheck is going to bulge. Would my colleague just repeat what he found? Mr. CASEY. I want people to make sure that people know the document. This is the document, JCX-68-17. If you look at the category of Americans who are making $100,000 or less--that is 57 million households who make under $100,000--they would see either a tax increase of one kind or another or a tax cut of less than $9 a month in 2019. I don't think that is much help when we consider that it is not as if that is the only revenue available--that all we can come up with is $9 a month--because I just walked through the other number which is relevant--the $36 billion that will come in 2019, the second year that the bill is in effect, going to households worth more than $1 million. If I had to choose, I would say that we should give all of that $36 billion to middle-income families or folks trying to get to the middle class or at least a substantial percentage of the $36 billion. I have been asking for months: Why do people making more than $1 million, that category of Americans, need $36 billion in tax cuts? I don't think they do. It is interesting--I want to commend the work of the ranking member of the Finance Committee. In some of our debates, one of the numbers that came out in the last couple of weeks was what has happened to the top 1 percent since 1980. I said several times that they have had a bonanza. I didn't have an exact number when I said that; now I do. Since 1980, the share of national income for these folks in the top 1 percent, which is less than $1 million a year, but it is about $730,000 and up, so that is--the 1 percent goes beyond the millionaires and up. But since 1980, the top 1 percent have had their share of national income go up from 11 percent to 20 percent, from 1980 to 2014, so it has almost doubled. So my point is, they have done pretty well since 1980, so why do a big share of them--meaning the million-dollar-and-up crowd--why should they get $36 billion in this tax bill? It doesn't make a lot of sense. So that is one way to look at it. What we could invest these dollars in--a bigger tax cut for the middle, a bigger tax cut for those struggling to get to the middle, working families trying to get to the middle, or other priorities, such as infrastructure. I mentioned just one idea on rural broadband. I think rural America should get some help being connected to the internet. That is one way we could focus on priorities. Let me give another example--the estate tax. As many people know, once fully implemented, this bill doubles the estate tax--it exempts the first $22 million of inheritance from the tax, which is $11 million per individual. The cost of doing that will be roughly $9 billion a year. In the earlier versions of the House and Senate bills, that number was a lot higher. There was a lot higher revenue loss from the elimination of the estate tax, but even with the changes, there is still a revenue loss of an estimated $9 billion a year. Well, what could we do with $9 billion? Well, in the midst of this debate about the Children's Health Insurance ***Program***, just for 5 years of the Children's Health Insurance ***Program***, that is roughly the number that we need. So 1 year of revenue losses from the estate tax equals 5 years, roughly, of paying for the Children's Health Insurance ***Program***. And that is not done yet. The Children's Health Insurance ***Program*** expired September 30, and I hope that in the midst of all of this work on tax policy, we are going to get that done. I know that the distinguished chairman of the Finance Committee, for years, from the beginning, has been a strong advocate of the Children's Health Insurance ***Program***, and I commend him for that, but we have to get it reauthorized in a few short days. I wanted to talk as well--I know I probably am limited on time, and I will move quickly--on the Republican budget because you can't really read the tax changes in isolation; you have to also consider them in the context of the Republican budget resolution that passed. That budget proposal, which did pass, proposes to cut Medicaid by $1 trillion over the next 10 years. So that is $1 trillion with a ``t'' for Medicaid. The Republican budget also proposes to cut Medicare by over $400 billion over the same period, over 10 years. So the proposal roughly proposes to cut about $1.5 trillion from just Medicare and Medicaid. All the while, this Republican tax bill contains almost the same amount of unpaid-for tax cuts. We heard recently from Speaker Ryan that he wants to ``reform'' Medicare, Medicaid, and Social Security. Well, my view of that is, when they talk about reform in that context, that means cutting--cutting funding for ***programs*** that working men and women of my home State of Pennsylvania and the country have paid into to ensure that they have some retirement savings and a safety net for when tragedies and unforeseen events occur. Some people refer to Social Security and Medicare as earned benefits because they are. They have earned those benefits for Social Security and Medicare. How about outsourcing? The Republican tax bill gives U.S companies that offshore jobs a large tax cut on old profits that is unavailable to companies that kept jobs and production in the United States. This means that a company that outsourced to Mexico to take advantage of cheap labor will pay less taxes on accumulated profits than a domestic company that kept jobs in the United States. In fact, once the bill is enacted, some profits from an overseas factory may never be taxed in the United States, while a company that keeps those jobs here could be taxed at the U.S corporate tax rate. This disparity could actually encourage companies to move production and jobs overseas. We mentioned earlier the tax cut for major corporations. One of the great leaders of corporate America for many, many years, Jack Bogle of Vanguard, said the following a few weeks ago. I don't know what political party Jack Bogle is in, but he said this most recently about corporate profits: Corporate profits after taxes last year were the highest they've ever been in the history of GDP going back to 1929. And we are thinking of giving relief to the corporations at the highest levels ever. Individual wages are at the lowest level in about 15 years as a percent of GDP. Those are not my words; those are Jack Bogle's words. So corporations will have a tax windfall to spend on increasing executive compensation if they want or increasing stock buybacks or increasing dividends. All this is with absolutely no guarantees that workers will see benefits from this tax cut, despite assertions by many here in Washington about what would happen on wages and other benefits. Mr. President, I have maybe 3 more minutes. I know we are maybe a little over time. There has been a little bit of discussion--not enough--about what happens to the Consumer Price Index, which is used as a baseline for measuring ***programs*** over time. Maybe the most pernicious tax--and that is the best word for it--in the bill is the so-called Chained CPI, which alters the way inflation is measured. This bill raises an estimated $134 billion on the backs of hard-working Americans by changing how the Tax Code measures inflation--so-called Chained CPI. So it is the measurement of inflation that is going to change, and that is going to have an adverse consequence for untold millions of Americans. This number grows over time. The Joint Committee on [[Page S8123]] Taxation told us that this single provision increases taxes by at least three times as much in the next decade as it did in the first decade-- potentially as high as $400 billion in the second 10 years. This will be in full force when a lot of young people are entering the workforce. Someone who is just starting their professional life will see this tax increase haunt their paychecks for the next 50 years. There is a lot we could talk about in terms of missed opportunities here, but let me conclude with this: There is nothing in this bill that invests in rebuilding America. I thought we would have an opportunity to do that, as we seemed to be headed that way a couple of years ago, but we don't have that opportunity with this bill. We could be using this opportunity to make a substantial investment in roads, bridges, schools, water systems, or the like, but that won't happen. In our State, we have 4,500 structurally deficient bridges, and we wish that we would get some more help in addition to State dollars going for those. There is nothing in the bill to expand college affordability and nothing to ensure that workers' wages increase. Amendments like that were offered in the committee. It was all Democrats for the amendment and all Republicans against it. Those in the middle class and those working to join the middle class continue to tread water in this bill, while the superrich zoom ahead. Mr. President, I yield the floor. The PRESIDING OFFICER. The Senator from Indiana. Mr. YOUNG. Mr. President, I rise today in support of the Tax Cuts and Jobs Act. We know the world has changed a whole lot in the last 30 years--the way we travel, how we communicate, the way we work, our hairstyles, the clothes we wear, the movies we watch, the music we listen to--but one thing hasn't changed: Our outdated Tax Code hasn't kept up. We simply can't afford to wait any longer. Now is the time to act. Hoosiers need a raise. Working families across America need a raise. American businesses need to remain competitive in what is an increasingly global and hypercompetitive economy. The bill we are voting on today will provide real relief to all Americans, especially middle-class families and those of modest means. The Tax Cuts and Jobs Act will creates a Tax Code that is simpler, that is fairer, and that allows Hoosiers to keep more of their hard-earned money, and that is what they want. This bill we are voting on today will help create an environment where jobs and businesses can grow by making permanent a corporate tax reduction to 21 percent. We have the highest corporate tax rate in the industrialized world. That is no way to remain competitive. We will lighten the burden on small businesses with this legislation. I come from a small business family. My dad worked 6, 7 days a week growing up. He sold HVAC equipment and spent a lot of time on the road. I know because he told me that it irked him that when he added up his profits, he discovered toward the end of the year that over half of what he earned he paid to various forms of government. We provide relief to businesses like that. We shift the structure of the international tax system so that foreign profits from U.S -based companies will be invested right here in American communities, not overseas. Throughout this process, I have listened carefully to extensive feedback from the people of Indiana, and I have to say that I am grateful for all the Hoosiers who weighed in over the course of this effort. They helped me shape this work product in a way that will more benefit the people of Indiana today and for future generations. I heard, for example, from Susan from Indianapolis. Susan said: Our tax system has become so complicated--the average person needs to hire someone with expertise to help. If most of us didn't have to hire help--right there we'd be saving money. Susan, you are right, and that is why we have lightened the burden for millions of Americans with this proposal. Under this act that we will be voting on this evening, 9 out of 10 Americans can take the standard deduction. We have doubled the standard deduction, vastly simplifying compliance with a convoluted, unfair Tax Code that picks winners and losers. We undo so much of that with this bill we will vote on this evening. I heard from Debbie from Clark County. Debbie contacted my office about her business's challenges. Debbie said the following: We are constantly striving to reinvest in our company through new equipment and increased wages to hire and retain good employees. A lower corporate tax rate will allow us to buy more equipment and offer . . . better wages. It is common sense, and I am glad that Debbie contacted me to reinforce what is on the mind of so many Hoosier business owners. This bill continues and expands the support for Indiana's highest priorities, and that is why I will be supporting it. Among these priorities are deductions for contributions to benefit our charitable organizations essential to communities throughout Indiana and throughout our country and keeping tuition waivers for graduate students untaxed. I again thank the graduate students and all the stakeholders throughout Indiana who had concerns related to this issue. They weighed in. We made changes to the legislation to accommodate their concerns, and this will enable Hoosiers to be better equipped to thrive in this ever-changing global economy in which we live. We managed to maintain the earned income tax credit so that work pays more than joblessness. We expanded the child tax credit for families trying to make ends meet. We protected the adoption tax credit so that caring adults can become loving parents. We preserved private activity bonds. These benefit low-income housing and help to build hospitals and schools and other essential ***programs*** in the communities that need them most. Now, the bill also makes good on our promise to repeal what many regard as the most oppressive aspect of ObamaCare--the individual mandate tax. I promised Hoosiers for years and years that I would get rid of the individual mandate. Tonight we will be fulfilling that promise. In Indiana nearly 140,000 Hoosiers chose to pay this tax instead of buying insurance they either don't want or can't afford. In my home State, 81 percent of those who paid this tax made less than $50,000 per year. This comes from the IRS. And 40 percent of the people who pay this tax make less than $25,000 a year. Tell me this isn't a tax on the working poor. This bill lifts the burden for families in Indiana and across the country, and it is one of the many reasons that I will be proudly supporting it. Collectively, this is a no-brainer. This legislation will lead to an increase in capital investment, which will lead to an increase in economic growth. This bill will make workers more productive so that they earn higher wages. This bill, across every income category, will cause Americans to see a reduction in their tax rates and more take-home pay--more of their hard-earned money in their pockets. So many Americans haven't seen an increase in take-home pay in well over a decade. It is time to provide relief to hard-working American families. It is time to create certainty for our job creators so that they can create more jobs. I look forward to helping to move this legislation across the finish line this evening. I hope we get some bipartisan support in that effort. I yield the floor. The PRESIDING OFFICER. The Senator from Massachusetts. Ms. WARREN. Mr. President, today is a terrible day. It is a terrible day for millions of working families in this country. They just want Congress to work for them. It is a terrible day for people who just want to get on with their lives and not have Congress cost them even more money. It is a terrible day for millions of hard-working people, but it is a great day for giant multinational corporations and billionaires who fund Republican campaigns across this country. Today is their day. Every fundraiser, every fat check from a billionaire, and every champagne-and-caviar party has been about getting to this day--the day when the politicians whom they put in charge of Washington would pay them back with a $1.5 trillion giveaway. Supporters of this bill call it tax reform. It is not tax reform. It is a heist--a heist that steals from millions [[Page S8124]] of middle-class families and hands that money over to the wealthy; a heist that will hurt Medicare and Social Security and reduce healthcare coverage by 13 million people in order to hand over money to giant corporations that are already rolling in profits; a heist that will hurt our economy and blow a hole in our national debt. The American people have seen through this scam. They see through every lie that has been pushed forward. They know this bill doesn't provide middle-class tax relief. It ultimately raises taxes on more than 60 percent of working families in this country. They know this bill does not promote economic growth. Nonpartisan projections have shown that it will have a negligible impact. Even former Republican officials admit it. They know this bill will not raise wages for working people. Corporate CEOs have already said so. Those CEOs have told everyone who would listen that when they get their truckloads of money from the GOP tax bill, they will turn right around and funnel that money to their wealthy shareholders. They know this bill isn't even to help Americans. A third of those shareholders who will get truckloads of money from the GOP bill don't even live in the United States. Over the last month and a half, we have all watched as one Republican Senator after another has cast aside every single one of their supposed principles to get behind this monstrosity of a bill. Real relief for the middle class is gone. Concern about the national debt is gone. Concern about economic growth is gone. There is only one principle left: Reward billionaire campaign donors. This is not a conspiracy theory. It is not a partisan attack. It is what Republicans in Congress are saying in public to reporters. As one of my Republican colleagues said in a moment of honesty, if they don't pass this tax giveaway bill, ``financial contributions will stop.'' And a Republican House Member said big donors told him to pass the tax bill or ``don't ever call'' them again. Let's call this out for what it is. It is government for sale. That is how you end up with a $1.5 trillion tax giveaway to corporations at a time of record corporate profits. It is not supposed to be this way. Congress is elected by the people. It is supposed to represent their interests, not those of the people and companies rich enough to fund campaigns. Boy, there is a lot of work for us to do. Over the last 30 years, corporate profits have skyrocketed while wages for working people have stayed flat. But even though corporations--not families--have been getting richer and richer, Congress has forced families to pick up more and more of the cost of our military, our roads and bridges, and our schools. Corporations used to pay about 30 percent of the cost of running the government. Now, it is under 10 percent. But today, the politicians who run Congress will slash corporate taxes even more and shift even more of the burden onto working families. Working people will pay more so that giant corporations can pay less. There is no better example of this than the bill's treatment of Wells Fargo. Last year, we found out that Wells Fargo had opened millions of fake accounts so that executives could goose their sales numbers, drive up stock prices, and rake in bigger bonuses. It turns out that Wells Fargo had also charged half a million customers for auto insurance they didn't need, which meant that a lot of people--including soldiers and sailors and marines--got their cars repossessed. That sounds pretty sleazy. But instead of holding them accountable for cheating their customers, this Congress is on the verge of passing a tax bill that will shower more free money on Wells Fargo than any bank in the country. That is right. When this bill passes, the punishment to Wells Fargo for cheating millions of Americans will be a big gift-wrapped present worth billions of dollars in tax giveaways. This tax bill is shameful, and it is the result of a shameful process. There were no hearings on the bill that overhauls the Tax Code and shifts around trillions of dollars, no input from a single Democrat, and no time for vetting by actual tax experts. Big-time donors are very happy with this outrageous tax heist, but the American people are angry, and they are right to be angry. Over and over, again and again, they watched this Congress ignore their pressing problems, ignore children's health insurance, ignore flat wages, ignore an opioid crisis, ignore hurricanes and wildfires, ignore working families who are ripped apart by greedy politicians and politics built right here in Washington. Over and over, again and again, they watch, instead, as Washington jumps to do more favors for billionaires, more favors for giant companies, and more favors for campaign donors. Today is just one more terrible day for hard-working Americans, just one more terrible day in Washington where Washington works great for those at the top and will not lift a finger to help anyone else. People's anger is understandable. I share it. Sooner or later, a reckoning is coming, and I promise you this: When it does--when the politicians who lead this Congress and vote for this tax heist are held accountable for turning their backs on the American people who sent us here--then we will be the kind of country we want to be. Then we will be the kind of country we were meant to be--a democracy where everyone, even the richest and the most powerful, pay a fair share, and where we all work to build a better future for all of our kids. I yield the floor. The PRESIDING OFFICER. The assistant Democratic leader. Mr. DURBIN. Mr. President, C-SPAN is an interesting phenomenon. When I go back home to Illinois, I run into people who say: I saw you on C- SPAN. I often joke and say: Do you have trouble sleeping? Why are you watching C-SPAN? I wonder who it is that really watches C-SPAN. It could be a lot of people who are really fascinated by politics. It could be folks who are finding it difficult to sleep. It could be some older folks who just pass the time by watching what happens on the floor of the Senate and the House. Tonight, I think we have a special audience of C-SPAN. Tonight, I think it is entirely possible that we are going to have the wealthiest section of audience and television viewers in the history of C-SPAN. Do you know why? They have a bill coming up--a bill that is designed for the wealthiest people in America. So they are probably at this point trying to figure out how to live-stream C-SPAN onto their yachts so they can see if this tax bill is going to pass. Why would they do that? Why would they be tuned in? Because this is the biggest tax break for the wealthiest people in the history of Tax Code reform. It is. It turns out that in 2027, 83 percent of the tax breaks in this bill go to the top 1 percent of wage earners in America. Boy, how can you sit down and write a tax bill that is so lopsided for the wealthiest people in America? You had to have said to the staff first: Find out what taxes are left that the wealthy might pay and get rid of them-- reduce them right and left. And they did. Imagine that that is your starting point for Tax Code reform in America--that you are ignoring working families and the reality of the life they lead, you are ignoring small and medium-sized businesses, and you are focusing on the wealthiest people in America and the biggest corporations. Do you know what I found in Illinois? When you travel around my State and meet the business leaders and ask them point-blank: Tell me about Federal taxes, the biggest corporations never complain because the Tax Code is loaded with escape hatches for the biggest and wealthiest corporations and individuals. It is small and medium-sized businesses that pay the most taxes. They are the ones that should have been the biggest beneficiaries on the bill. Secondly, there are the working families. People who are struggling paycheck to paycheck, who can't save money for their kids' future, are worried about their kids' student loans. Wouldn't it have been great if the Tax Code reform really focused on them instead of on the wealthiest people in America? It is a stereotype, I know, that the Republicans worry about the rich instead of the working folks, but when you look at this bill, sadly, that is the reality. Here is the good news, if there is any good news in that terrible story I just recounted. The American people get it. They understand it. How in the world [[Page S8125]] could you write a bill and call it tax reform and tax cuts, and have two-thirds of America hate it instantly? They did it. Congratulations. You put together a bill, which, instinctively, the American people knew was a bad deal for them. And it is. When you take a look at this bill, you realize why we are asked to vote on this Republican tax ***plan***--a ***plan*** written behind closed doors and rushed through Congress on a last-minute rush this year. It is because the Republicans are bound and determined to have something that they passed this year. In all fairness, they passed the Defense authorization bill, but they spent month after month on repeal and failure to replace our healthcare system, and now, before they leave town at the end of this calendar year, they are bound and determined to get this done, whatever it takes, their so-called tax reform ***plan***. After a year in control of Congress and the White House and extraordinarily few legislative achievements to show for it, Republicans are forcing through this partisan tax ***plan*** only a few short weeks after it was unveiled. You may not remember unless you were watching C-SPAN that night--I came to the floor when we were finally given the Senate tax bill. It was about 500 pages long. As I was going through it, on page 257--I remember the page--I looked at it, and I thought, what is this? There was a page in the middle of the tax bill with all sorts of scribbled handwriting that was absolutely impossible to read. Now, remember, this is a Tax Code that is going to have an impact on individuals, families, and businesses to the tune of millions of dollars, and here was a page in it that no one could read. Do you know why I know no one could read it? I submitted it to the Record, and the clerk of the Senate came and found me afterward and said: Senator, you can't put this in the Congressional Record because we can't read it. That is what was going on here in writing the Tax Code of the United States of America. It was a slapdash, hurried effort that sadly does not reflect the best of this institution or the best of the Members who are part of it. Why would they do this? Because if this bill were subject to proper scrutiny, as it should have been--you only really reform the Tax Code once every several decades--a monumental giveaway to corporate America would have emerged, a tax break or giveaways to the wealthiest Americans. So while most families are focused on getting ready for the holidays, my Republican colleagues and friends are hoping most Americans will be too busy to notice them passing a tax bill that will raise taxes on middle-income families. This is supposed to be the greatest deliberative body in the world, the U.S Senate, and my Republican colleagues threw regular order and bipartisan input right out the window of the Capitol. They have spent the past 2 weeks behind closed doors writing the final version of this tax bill. Only last Friday evening--last Friday--we finally saw the text of this tax ***plan*** fully released, fully revealed. There are more than 1,000 pages of new Tax Code, and that is what we are expected to understand and to vote on in a matter of days. Are the memories of my Republican colleagues so short that they have forgotten their repeated calls of ``read the bill'' when we considered the Affordable Care Act? Did they forget their criticism of that process, which took place, incidentally, over many months, characterized by transparency, multiple bipartisan hearings, and included well over 100 Republican amendments? Have they forgotten all the criticism they leveled on that effort to try to provide health insurance for more Americans? This is no way for major legislation to be written, this tax bill before us. It certainly reflects the best wishes and hardest work of many of the lobbyists and corporate donors who benefit my Republican colleagues. Is it any wonder that after this rushed process, the initial analysis of the final bill shows that millions of working families in Illinois and across the Nation will be hurt, while the wealthiest 1 percent of wage earners in America receive a massive windfall? Sadly, it is no surprise. In their ***plan***, Republicans chose to make essentially all individual provisions to the tax bill temporary in order to pay for massive, permanent corporate cuts that will overwhelmingly benefit the wealthiest investors. The result? As I said, when the bill is fully phased in by 2027, more than half of all Americans will see their taxes increase under the Republican ***plan***. These are tax increases that will be felt particularly hard by those households in the bottom 60 percent and those families with kids. By 2027, while middle-income families pay a higher tab, the richest 1 percent of Americans will receive a whopping 83 percent of all the tax cuts under this ***plan***. I just can't believe they pulled this off, that the Republicans figured out how to give 83 percent of the tax breaks to the top 1 percent of wage earners in America and sell it as tax reform to help working families. It is indefensible. This devastating result was baked into the DNA of this Republican ***plan*** from the start. There is no greater example of this than Republicans' determination to erode State and local tax deductions. It used to be a standard principle in American taxation that you wouldn't tax people on the money they paid in other taxes. We didn't tax a tax until this bill came along. We used to say that if you pay a State income tax or State sales tax or State property tax, we are not going to impose a Federal tax on your tax payment--no tax on the tax. They didn't buy it. They changed it. They put limits on the amount of deductions that you could take for this. What does it mean? Ask the Realtors in my State, the homebuilders, and they will tell you that this is going to be a damper on economic growth in the State of Illinois--a growth that we desperately need in my State to create jobs and opportunities. This deduction is taken by nearly one-third of all taxpayers, and taxpayers in my home State benefit from it among the most in the Nation. The principle is simple: Under the new Republican ***plan***, Illinoisans will start paying Federal taxes on the local, State, and property taxes that they pay, and they don't receive the deduction that historically has been there. Republicans apparently feel differently because in the face of weeks of warnings from Realtors, homebuilders, local school districts, State and local officials, and first responders about the increased difficulty that the elimination of this deduction will create, it didn't deter them one bit, and every single Illinois Republican Congressman ignored all of this and voted for this terrible ***plan***. It means higher tax bills for middle-income families in my State and many others and a strain on crucial State and local investments in education, infrastructure, and public safety. That isn't the only hit to middle-income families. Here is the one that I find the most reprehensible. Millions of people will lose health insurance because of this tax reform bill. It guts one of the major provisions of the Affordable Care Act. After failing miserably to achieve one of their campaign promises to repeal the Affordable Care Act and take away healthcare from millions of families, Republicans slipped into this tax bill a provision that undermines the Affordable Care Act. The net result of it is an increase of 10 to 20 percent for health insurance premiums for those buying in the marketplace, and--this is a kicker--13 million Americans are going to lose health insurance because of this health reform bill that is brought to us by the Republicans. I don't see how you can go home to any State and say: Good news. I gave a tax break to the wealthiest people in America and the biggest corporations, and average working folks here are going to lose their health insurance. How can you stand up and say that is good for your State or for this country? Republicans' efforts to take away healthcare from families and give tax cuts to the wealthy shouldn't surprise us. The surprise here is that so many of the so-called fiscal hawks--how many times have I heard my Republican colleagues come to the floor and pose for holy pictures when it comes to the national debt. Oh, it goes over and over again, the speeches they give when there is a Democratic President. Now that there is a Republican President, political amnesia has set in. It turns out that this Republican tax reform--giving tax breaks to the [[Page S8126]] wealthy and not to the middle-income families of America--will add $1.5 trillion to our national debt. Who will pay off that debt for these tax breaks to the wealthy? I am afraid it is our kids and our grandkids. Somehow these fiscal hawks are able to convince themselves that cutting taxes on the wealthy is worth a new burden on our kids. When you get past all the fancy rhetoric, the bottom line is, Republicans believe that we can afford to add $1.5 trillion to the debt if it means giving tax cuts to the wealthy but that we can't afford it as a nation when we know we are going to need it to make massive investments in things that mean a lot to working families. Shouldn't we have put more money into fighting the opioid crisis that claimed almost 2,000 lives last year in my home State of Illinois? Shouldn't we have put more money into helping kids go to college so they aren't burdened with student loans that change their lives? Shouldn't we have put more money into medical research? Couldn't we have put more money into investing in our infrastructure? No. The Republicans say there is a much higher priority--tax cuts for wealthy people. What does make sense to my constituents and millions more across America is that $1.5 trillion increase in national debt poses a real threat to our economic future and a threat to the future of Medicare and Medicaid. Paul Ryan, Speaker of the House, Republican leader, said they are going to take care of the added deficit and debt by cutting entitlement ***programs*** like Medicare and Medicaid. I would say to Paul Ryan, my neighbor from Wisconsin, you are in for a fight, my friend--and it will not be just the Democrats; it will be a lot of folks in Wisconsin who aren't going to stand for that outcome. Americans deserve better than what the Republican leaders in Congress have brought to us in this bill--rushed through without bipartisan consideration and without review by experts. This may be a ``big political win for the Republican Party and their donors,'' but it is on the backs of hard-working families. Some of these consequences that we face are already dangerously clear, others, which we will only discover as we pore through the fine print of this 1,000-page bill--we can only guess what they will mean. Mr. President, I yield the floor. The PRESIDING OFFICER. The Senator from Georgia. Mr. PERDUE. Mr. President, I come from a different world. I come from the real world. I have been here just a couple of years, but this sort of rhetoric that we have heard on the floor of the Senate over the last few weeks is amazing to me. The disinformation, the known misleading statements that are made--that doesn't exist for very long in the real world because there are rules and regulations out there where that is taken care of. But it seems that if you are good at it in this body and can get away with it long enough, that what Vladimir Lenin once said is true, and that is this: It doesn't matter what you say is true; it only matters that you say it and say it and say it, and pretty soon, to the common folks in your country, it becomes true. Well, I think we have lived through a century where we have done nothing but disproved that as a free society here and as a leader of the free world. I think what is at stake tonight in this vote is bigger than just a few changes in our Tax Code. Good grief. We can work for the next 10 years and not clean up every detail in this Tax Code, but this is a first step to bringing sanity back to our country. Let me put a little perspective on this. Let's talk about what President Trump inherited when he took office in January of this year. We had 8 years of the lowest economic growth in the history of the United States--1.9 percent. We had the lowest workforce participation rate in over 40 years. In the last 8 years, we borrowed 35 percent of every dollar that was spent by the Federal Government--this body borrowed before you and I got in the Senate. Under the last administration, for 6 years of those 8 years, the opposing party in this body had a supermajority for 2 years and they had a majority for 4. So for 6 years, that party had the White House and they had a majority in the Senate at least. In those 8 years, they doubled our national debt from $10 trillion to $20 trillion this year, even though last year--or the last year of the last administration, 2016--our Federal Government collected more Federal tax than any other year in our history, and the last few years have been the same. With all that borrowing, even when the last administration said: OK, we need to fix infrastructure, we need to get the economy going--they put $1 trillion into fake infrastructure investments, and none of these parameters moved. We still had no economic growth. This is the same party that liberalized Social Security and Medicare to the point where they are not sustainable. And in just 14 years--14 years--both those trust funds go to zero. This is not about going to Medicare and Social Security and finding money to give to the rich; this is trying to figure out how to get the economy going so we can save Social Security and Medicare. It is no more complicated than that. But what we are hearing here are words like ``shameful'' and ``ridiculous.'' I think what President Trump walked into was shameful and ridiculous. For the United States--the wealthiest country in the history of the world--to have those sorts of performance parameters is ridiculous. It is shameful. There will be a day of reckoning, and it is today. Our President took that seriously, and he said that job No. 1 is growing the economy. Let's put that in perspective. He said, in the first year of his administration, he wanted to focus on three things that would grow the economy. One is he wanted to pull back on regulations. I am here to tell my colleagues that over 860 of the most onerous regulations and rules have been reversed so far this year. The second thing President Trump said was he wanted to work on energy. Well, we got the Keystone Pipeline working. He actually moved on stopping the Clean Power ***Plan*** that was thwarting the energy production in this country, and, in this bill tonight, we will open up ANWR production to give us capability on the energy side of our economy. The third thing the President said he wanted to do was to change our archaic tax ***plan***; not to give money to the rich but to open our companies and our workers to be more competitive with the rest of the world. For the last decade--maybe even the last 30 years--I have lived this in my career. For 40 years, I have watched U.S competitiveness decline and decline and decline. Why? Because of two reasons. Our Federal Government grew out of any proportion. In 2000, the size of our government was $2.4 trillion. Last year, it was $4 trillion. That is under one Republican administration and one Democratic administration. We have put regulation on top of regulation. We liberalized all of our social ***programs*** to the point we cannot afford it. The other thing we did is we loaded onto this tax situation where we lost our competitiveness with the rest of the world. The rest of the world lowered their tax rates while we actually increased ours, they reduced their regulations while we increased ours, and we just simply lost our competitive edge, such that today, two out of every three acquisitions regarding a U.S company are U.S companies being bought by a foreign company. Now, that is a C corporation. In many cases, it is an S corporation. Why is that? It is because of the difference between our 35 percent corporate tax rate and the average of 18 percent in Asian countries and 21 percent in Europe. All we are doing is trying to reach some point of being reasonably competitive with the rest of the world. This President walked into a disaster, and what we have seen in the first year are dramatic results: Two million new jobs have been created this year, 860 regulations reversed, and illegal crossings on the southern border are down 60 percent. We passed a bill in this body 97 to 2 that allows a department head in the Veterans' Administration to remove people for cause, for lack of performance. Guess what. So far this year, over 500 people have been asked to leave because of performance reasons in our [[Page S8127]] Veterans' Administration. That is something both Democrats and Republicans should be proud of. We also see a Department of Education that has removed 300 people for the same reason. CEO competence is at a 20-year high. Consumer confidence, despite what the other side wants to tell us, is at a 16- year high, and many studies are proving that today. Tonight I want to clear up some of the absolute, unbelievable mistruths and myths about this bill that are being perpetrated. We heard several just in the last hour on this floor. The first, the great one--I love this: This tax ***plan*** is only going to help the wealthy. We are going to tax the low-income people in America, and we are going to give it to the billionaires. Let me just give some examples here. A median-income family today--a family of four who works, with two kids, who makes a median income of $73,000 a year is going to get a $2,200 tax reduction. That is a 60- percent reduction in their Federal tax rate. A single working mother, as an example, with one child at home--now, this is a parent who has to find childcare, has to find a way to work, gets very little help from family or friends, doesn't own a home--I know many people like this--that person is going to get a 75-percent tax cut in this bill. Beyond that, today, 52 percent of households in America--this is before this bill--pay zero Federal income tax, but this bill goes further. Up to 6 million people will potentially be removed from the tax rolls because of this bill. I am just a simple business guy, but I just look at the facts. These are mathematical facts here. There is no projection, no opinion. This is part of this bill that belies half of the mistruths we just heard in the last hour on this floor. The second one is a process question. Of course, this is what we always hear the minority party say. I dare say, as an outsider, I heard Republicans say this in the last 6 years. There is no transparency, no regular process, no regular order. Well, in the last few years, there have been over 70 public hearings--Senate hearings in committee--about tax reform. This particular bill has been in full regular order. Yes, it was done in reconciliation, but that is regular order. I personally would have preferred not to have done that, but it is within regular order. It went through committee. Amendments were put up and debated and passed in committee. Then the bill was brought to the floor. We voted on amendments on this floor, and then it went to a full vote and was passed--or will be passed tonight. The third myth: This tax ***plan*** will not generate economic growth. This is a really rich one because most of the people saying that have never written their signature on the front of a check. They just simply haven't been in business. Yet these are now the newfound experts in this body who say: Well, this is not going to grow the economy. Of course, it is not; we need bigger government to grow the economy. Haven't we proven that? No, we have disproved that. If anything, over the last 8 years, we have proven that bigger government does not correlate with a better, growing, competitive economy. What this bill simply does is it gets government back out of the way, to some degree, helps us become competitive with the rest of the world, and ignites this economy. Let's just look at what is being said about this. First of all, it has been estimated that nearly 1 million new jobs will be derived because of this bill. It is estimated that annual incomes of working Americans will go up somewhere between $4,000 and $9,000. That is in addition to the tax cuts. That is because the demand for labor in a growing economy will create rising wages. The other side says: Well, to get rising wages, you need to increase minimum wage. That is the wrong way to look at this. This bill, I can tell from personal experience, will create demand for labor, and that labor will increase in price. GDP will grow somewhere between 3 and 5 percent over the next decade. I actually believe it will be much more than that. The big one, in my mind, is by eliminating the repatriation tax, and, by the way, we are the last country in the world to still have this archaic tax, which we collect no tax on today, but eliminating that brings over $2.6 trillion back into this economy. The other side says: Well, that is not going to go to the economy, it is going to dividends or to pay down debt. Guess what. In a capitalistic society, it is all contributory. It all adds to the benefit of growing the economy. Capital formation is part of what created this miracle in the first place. The last 70 years in America has been, I would argue--as a 40- year experienced veteran of the business community here, as the only Fortune 500 CEO in the Senate and in all of Congress, I would argue that this economic windfall we have experienced over the last 7 years in America is based on three things: On the top of the best workforce in the history of the world, it is innovation, capital formation, and the rule of law. Quite frankly, because of regulations in this body over the last 15 years and because of our Tax Code, we have taken those for granted. Tonight we begin to reverse that. The next claim I want to debunk is that this tax ***plan*** adds $1 trillion--I love this one--will add $1 trillion to the debt. This is from the other side that administered more than doubling our debt in the last decade. No other President in the history of our country, prior to the last administration, added $10 trillion to the debt of this Nation. There is no bigger debt hawk in this body than I, and I can tell you this is what brought me into the political arena. This $20 trillion in debt is the beginning, it is not the end of the story. Unless we do something today about our Federal debt, it is going to grow $11 trillion, is the latest estimate, over the next decade. Most of that is on the mandatory side. To solve this debt crisis, clearly we have to grow the economy, but we will not solve the debt crisis only by growing the economy. We will not solve it unless we start by growing the economy. We are told by the Joint Committee on Taxation and by the Congressional Budget Office--and both of these modeling groups I have personal problems with--but even if you take their worst-case scenarios, you only have to grow the economy two-tenths of 1 percent per year. That is going from 1.9 percent, which is the average baseline of the last 8 years, growing it by two-tenths of 1 percent to 2.1 percent over the next decade. There has only been one time in one decade in the last 70 years where this economy didn't grow more than 2.5 percent, and in that decade it grew 2.3 percent. So in no decade since World War II have we grown less than 2.3 percent. In addition, CBO says we have to grow 2.2 or 2.3 percent. The last two quarters are already over 3 percent. The fourth quarter looks like it will be as well if we pass this tax bill tonight. It just seems to me that people who have experience in the real-world economy know that investing in our workers is the best investment we can make, and that is what this tax bill does. Don't be confused by the rhetoric. Members of the other body in the last hour say there is going to be a day of reckoning. There is, because I believe that the other side has failed the working poor in this country. The best example is ObamaCare, perpetrated by the supermajority, 60 votes on the other side, and we know it is now collapsing under its own weight, but this is what they have done to the working poor in America. In 2014--and it has been that way over the last 3 years as well--but 2014 is the last year we can get from the IRS. Under ObamaCare, the IRS fined 8 million people in America $2 billion, and the irony is, half of those people make less than $25,000. Now, that is outrageous, and for those same people to beat their chests now about this being for the rich, it is even more outrageous. I will close with this. The biggest argument they make is that this is for the rich, and the rich are not paying their fair share. The top 1 percent today pay about 40 percent of all tax revenues that we have, and the top 10 percent pay over 70 percent. That was true before this bill, and that is going to be true after this bill. What is going to also be true is the fact that the working men and women of America will find that their place of employment, whether it is a one-man self-proprietorship, a one-woman self- [[Page S8128]] proprietorship, or a major corporation, those companies, in a global economy, are going to find themselves more competitive because of what President Donald J. Trump is doing in this tax bill and what we are backing up tonight. I argue that this is a historic day, not just because of tax relief for the working men and women of America, or building competitiveness for those same people around the world, but for our kids and grandkids so we can begin to deal with this huge growing debt. People say: Well, you are adding debt. No, this is an investment, and, by the way, it is not $1.5 trillion. They know that $500 billion of that--one-third of it--is this policy versus law. They know that, but it still makes a better story. They also know that $200 billion of that are fake costs because it says if you eliminate the way it is scored right now, if you eliminate the repatriation tax, the Joint Committee on Tax and the Congressional Budget Office, in their infinite wisdom, say that is going to cost you $200 billion. We don't collect $200 billion in repatriation tax. As an outsider, I cannot believe we sit here and talk about these fake numbers that way. The President of the United States has a vision for our country. We need to rise up and be competitive again in order to deal with this long-term tax situation but, more importantly--or as importantly--to be able to afford to do the right things for our people. When we have hurricanes, when we have fires, we don't have the resources to do that. Every dime we are spending behind these hurricanes and behind the fires and behind all of the things we are doing is borrowed. Every time we spend on our military, it is borrowed money. The only way to eventually change that is to begin to grow our economy. This is only one of many steps that are required, but this tonight becomes historic because you can't do the others unless you make this economy competitive. I want to praise our President tonight for having the guts to stick through this process. We are going to pass this bill tonight and make America great again because we are going to make America competitive again. Thank you. I yield the floor. The PRESIDING OFFICER. The Senator from Maryland. Mr. CARDIN. Mr. President, the American people understand this bill. They understand this bill will hurt middle-income families, and they know this bill will add to the deficit. They understand the Joint Committee on Tax has scored the bill as adding to the deficit. I hear so many of my Republican friends talk about these deficit hawks. We follow the recommendations of our professionals. This bill will add to the deficit. That is why the American people believe this tax bill, which has been advertised by Republicans as a tax cut, is not good for America. It is an extraordinary thing to get the majority of Americans against a bill that is purported to be a tax cut, because they understand it is not a tax cut for middle-income families. Let me give one number. The corporate tax rate under this bill will be reduced from 35 percent to 21 percent. That is a substantial reduction in the corporate tax rate. Now, understand that only about 5 percent of the largest businesses in America pay the corporate tax rate. It isn't a rate paid by small businesses. This is paid by megacorporations. They are getting a tax cut. When we look at the cost of that tax cut as scored by the Joint Committee on Taxation--the professionals--it is about $1.5 trillion of business tax relief. Guess who pays that $1.5 trillion. It goes on our national debt, and middle-income taxpayers are going to be asked to foot the bill. They get that. They understand this doesn't help middle-income families. You are not helping middle-income families when you raise the estate tax limits so fewer families pay the estate tax, which already affects only the 0.2 percent wealthiest in America. They are getting a break. Already, we have a concentration of wealth in America. The top 1 percent owns close to 40 percent of the wealth in America. They understand that doesn't help middle-income families because they understand that we have seen in America the shrinking of the middle class and that we have had an increase in income and wealth disparity in America. That is not good for our economy. That is not how you grow an economy or how you grow a middle class. This bill will not grow a middle class. This bill will make even more extreme the income and wealth disparities in this country. They also get it when we talk about what is temporary and what is permanent. I really appreciate my friends talking about the deficit. Of course, they don't include the fact that many of these tax provisions are only temporary, such as the major tax relief for individuals. That is temporary in nature. The business tax is permanent. I hear my Republican friends saying that we will just extend it. If you extend it, the deficit is even larger than the $1.5 trillion. As to the individuals and the middle-income families who get some of the benefits of this bill, when we add it all up, they lose. The benefits they get are temporary, but business tax relief is permanent. This bill is an assault on middle-income families. When we take a look at how we are going to have to pay off that deficit and who is going to pay off that deficit, it is going to be middle-income families left holding the bill. We know that. That is why this bill is not popular. That is why we know that it is not good for middle-income families and it is not good for our economy. But they even go further. It has been pointed out in the Senate that they have added a provision that is now in the conference report which takes out an essential part of the Affordable Care Act on individual responsibility that would ultimately leave about 13 million Americans without health insurance. Why was this done? It was done for two reasons. First, Republicans have been trying to repeal the Affordable Care Act, and these 13 million people who have benefits today are going to lose it. But a second thing is that you can use those savings--and they are not real savings; we are talking about less money being used to help people get health insurance--to provide additional tax cuts for wealthy Americans and corporations. So you are knocking 13 million people out of health insurance and using that money in order to extend these tax breaks for higher income and businesses. That is unconscionable. What is going to come next when you are not even subtle about this? They now are going to say that the deficits are bigger than previously expected. I hear my friends on the Republican side. They are deficit hawks. Well, you are not deficit hawks when you deficit-finance a tax cut. That is not helping this country. So what comes next? Well, we are going to have to cut Medicaid and Medicare. Who suffers when you cut Medicaid and Medicare? It is going to be middle-income families again. Then we have to take a look at the Federal budget. We have heard some of my colleagues already talk about this. I see ***plans*** right now that we are going to take it out on the Federal workforce--the Federal workforce, which has already contributed about $182 billion to the deficit, through getting pay adjustments below the cost of living, having freezes, going through continuing resolutions, sequestration, and government shutdowns, asked to do more with less. We are talking about critical services to the American people, whether it is research done at the National Institutes of Health, whether it is food safety, whether it is veterans services, or whether we are talking about dealing with the opioid crisis in America. All of that is in jeopardy, and we know that. We know they are coming back with cuts in these ***programs*** because we now have a bigger deficit as a result of giving corporations these big tax cuts--not all businesses, just the biggest businesses--and giving the high-income people this tax relief. That is why the American people do not like this bill. We talked about creating jobs. I heard my friend again talking about creating 1 million jobs under this tax bill--spending $1.5 trillion and creating 1 million jobs. We had bipartisan legislation in the last Congress that took a couple hundred billion dollars of one-time only revenues and said the responsible thing would be to use that to seed infrastructure. If we could get [[Page S8129]] that up to about $300 billion, we create 4 million jobs. So that is 4 million jobs for $300 billion. Here we have 1 million jobs, by their own number, and spending $1.5 trillion. It is a terrible investment for the American people. We can do better. This bill is also an attack on our States. It is an attack on Marylanders. It is an attack on the State of Maryland. Marylanders will come out much worse under this bill. There are many reasons for it, but one of the major reasons is that the bill eliminates the deduction for State and local taxes. I am going to talk for a moment about that because I did serve in the State legislature, as did many of the Members of this body. I believe we should respect State and local government. It is the same taxpayer who pays local taxes, pays State taxes, and pays Federal taxes. Ever since we adopted a Federal income tax, one of the only provisions that remains intact throughout the entire history of the income tax is to say that we are not going to tax on tax. We are not going to impose taxes on State and local taxes. That, of course, was one of the reasons why a constitutional amendment was changed, to allow income taxes, and now we are breaking that commitment on Federalism. We are really breaking the constitutional spirit to tell our State and local governments that we are going to impose taxes on taxes and make it more difficult for them to raise the revenue they need in order to finance State and local services. In Maryland, about 45 percent of Marylanders use the State and local tax deduction. We happen to rank No. 1 in the Nation on the number of taxpayers that use State and local tax deductions on their Federal income tax returns. The average amount in Maryland on deductions for State and local taxes is $12,900. That is the average. So the average taxpayer in Maryland is going to pay more taxes as a result of the $10,000 limit imposed in this bill. But it even gets worse for Marylanders, and I think this is going to be typical in a lot of States around the Nation. Maryland has an itemized deduction. It has standardized deductions on their income taxes, as many States do. But I think Marylanders are going to be surprised to find out they may not qualify for itemizing their deductions at the Federal level because, as a result of the changes that have been made here, only about 5 percent of the people in this country will still use the itemized deduction. So go and do your Federal taxes, then go do your State taxes, expecting to be able to deduct the State items, only to find that if you haven't deducted at the Federal level, you can't deduct at the State level because we harmonize in our enforcement with the Federal Government. You didn't think about that when you put this provision in the bill. I heard my friend say we had hearings. We didn't have hearings on that provision. We have never had a hearing on that provision. We never brought State people into our committee and say: What happens if we raise the deduction? What impact does it have on the States? What are the impacts on the States if we eliminate State and local tax deductions? We haven't had those discussions. Quite frankly, it is going to be more challenging for our States and local governments to meet their needs. They have the primary function for educating our children and keeping our communities safe. That is a primary function of local government, and sanitation and dealing with public health. It is going to be much more challenging for our State and local governments to be able to do their finance. Did we consider that when we took up this bill? The answer is no. There are so many consequences to this bill that have not really been thought out. Let me just give a few. There is a reason why people concerned about the real estate industry are concerned about this bill. The limitations we put on the deductions of property taxes and the limitations that have been increased on the amount of interest you can deduct on mortgages will all have an impact on property values. Properties that Americans own will be less valuable with the passage of this bill because they will not be able to get the same tax advantages as they had prior to it. Have we thought about that impact? Have we thought about what that does to wealth and middle- income families? Have we thought about what impact that has on assessed evaluations on local governments that depend upon property taxes? There has been no consideration of that. I met this week with leaders in our nonprofit community in Baltimore. We went over some of the issues they deal with in providing help to our community. Several were faith-based-type charitable groups. I went over what impact it is going to have with the restrictions on the number of people who are now going to be using itemized deductions. One of the charitable faith-based groups I met with told me that the overwhelming majority of their givers are in the middle income. Today, they are able to take a deduction because they use itemized deductions. Under this bill, most of those families are going to fall within the standard deduction and will no longer be itemizing their deductions on their Federal tax returns. Now, they don't know what impact that is going to have. But when their givers find out there is no tax advantage to that gift, you know it is going to have an impact. We know that. Charitable giving is going to be down. I hear my colleagues talk frequently that a lot of what we do to help people is that we rely upon the private sector. We rely upon the charitable groups. Did we have the courtesy to bring them into a hearing to understand the impact this is going to have? No, it is going to have a negative impact on our nonprofit charitable groups, and that is another consequence of this legislation, that we don't have the full impact to understand. Let me talk just a minute about this 20 percent deduction on passthrough income. Just so people in this country understand, this is a rather complicated provision that was added to the bill. It provides additional tax relief for businesses that do not use the C tax rate. These are our partnerships, our S corporations, our limited partnerships, and our sole proprietorships. Understand what we are trying to do here. Because we have cut the corporate rates so low--down to 21 percent from 35 percent--we recognize that other businesses now are going to be at a disadvantage. That is true. So we are trying to figure out some way to give them tax relief. Now, I have heard my colleagues talk about simplifying the Tax Code. This provision does anything but simplify the Tax Code. It has what is known as guardrails as to how we calculate how much you can take, up to the 20 percent of the distribution, as a nontaxable event. That guardrail affects the type of business you are doing, it affects the amount of assets you have, it affects the amount of salaries you give, the labor that is done within it, whether it is actually services performed by the partnership or not. My goodness, it is a minefield for accountants and tax lawyers to now develop shelters. I am old enough to remember the 1986 tax debates here in the United States Congress. I was not part of the Congress. I was in the State legislature at the time. I remember the effort to get rid of shelters, because shelters are an inefficient way that you set up business structures in order to minimize taxes. Well, this passthrough provision is going to be used as shelters. There is no question about it. We have had no hearings at all as to how we are going to deal with that problem. Then I heard one of my colleagues on the Republican side talk about how this is going to bring all these jobs back home. Let me make this clear. What this bill does is move toward a territorial tax system. What does that mean? That means companies today that outsource some of their work to another country will be able to pay only that country's tax rate rather than the U.S tax rate. That means that in some cases they will be able to pay less in taxes. What they can now do--because we are harmonizing to a territorial tax, we are rewarding some companies to outsource. Do we understand what the lower tax rates for corporations--what the net impact will be on jobs in America? All we hear is: Oh, we are going to create new job opportunities because we have lower rates for businesses. But we don't [[Page S8130]] tell the American people that they can keep those jobs overseas and pay a lower tax rate. Let's be honest about that. Why didn't we have a hearing on that part? The consequences are far from understood. I have heard several of my colleagues talk on the floor of the Senate about preserving credits, that we preserve this credit--like you are getting credit for leaving something in the Tax Code. Let me say something. Credits are important. In the city of Baltimore, we have used low-income housing tax credits, historic tax credits, and new market tax credits to generate a lot of economic activity. It is very difficult to put together a major economic ***program*** within our urban centers. I could point to West Baltimore and how we have used all those tools for urban redevelopment. I could point to our arts district and how that has been used. I know this. Credits are not going to be worth as much under this bill as they were before because we have changed the value of a tax credit. What impact is that going to have? I don't know. The problem is, none of us know, but it is going to have a consequence. It is going to affect economic growth, and it is not going to be positive. We haven't taken steps to try to counter that. I noticed there were some changes in the renewable energy sector. I don't fully understand all the changes, but I do know those who are involved in wind and solar believe that what we have done will make it more difficult for them to get investors. It sort of looks as if, perhaps, this was an effort to help the fossil fuel industry. When you look at the ANWR provision, which opens up the pristine areas of the Arctic to drilling in Alaska, you know that this bill is tilted toward fossil fuels rather than having a level playing field for America's energy. I worry, is this the first step to mid-Atlantic drilling off the Atlantic coast off of Maryland? I worry about the impact it could have on the Chesapeake Bay. I must confide that I have been in conversations with some of my colleagues on both sides of the aisle, asking whether we will cooperate on a corrections bill. I find that amazing. We haven't passed this bill yet, and we are talking about the process to correct the mistakes that are clearly in this bill. That is not the way we should be legislating. We know that we are going to have to revisit the passthrough provisions because we know they are not drafted right. We know the tax credits are going to need additional time. We know the energy provisions are going to have to be revised. We know we have done damage to middle-income families who are going to demand we correct this. Why don't we get it right the first time? Why do we have to look at passing a bill that we know is badly flawed? The last point I want to make is, there has been a commitment that when we take up a tax bill--don't we want to simplify the Tax Code, so Americans understand it better and feel more comfortable that everyone is being treated fairly? Secondly, the one argument I hear from all stakeholders is: Make the Tax Code predictable so that we can ***plan***. Give us the rules. Don't change the law all the time. Don't put temporary provisions in there because Congress has a habit of missing extender dates. We have already missed extender dates in this Congress, and now we are talking about leaving town this week while we have provisions that have expired, such as the Children's Health Insurance ***Program***. What does this tax bill do? It has numerous provisions that expire, some within a short period of time, adding uncertainty to our Tax Code and the ***planning*** of our Tax Code. This bill is anything but simplifying the Tax Code, and it is certainly not providing predictability. The American people get it. That is why they believe this bill should not be passed. It is an assault on middle-income families. It is dangerous to our national security because it increases our deficit. It will hurt millions of people who will lose their health coverage, and it should be defeated. I yield the floor. The PRESIDING OFFICER (Mr. Wicker). The Senator from Alaska. Mr. SULLIVAN. Mr. President, I would like to spend a few moments talking about why my colleagues and why the American people should be supportive of this very important legislation, historic legislation, that we are debating on the Senate floor. It is particularly historic for my State, the great State of Alaska. There has been a lot of misinformation on this bill, and we are seeing a robust debate, which is fine. I don't need to repeat all the arguments on both sides, but I will say that my colleagues on the other side have seemed to focus on one particular point. They are coming here and making this point again and again; that is, the point that this bill will supposedly raise taxes on the middle class. We are hearing it, and everyone is saying it. The problem with that argument is, it is fundamentally untrue. The truth will be in the paychecks of the American people, which they will see in a few months. Let me talk about some of the provisions that are in the bill. The bill will be a middle-class tax cut for the vast majority of Americans. Here are some of the provisions. These are in the bill. These are the facts. The bill doubles the standard deduction. For an individual, the standard deduction goes from $6,300 to $12,000. For married couples, it goes from $12,700 to $24,000. That is in the bill. That is important for middle-class families. It doubles the child tax credit. The child tax credit is doubled from the current $1,000 to $2,000, so more parents can claim it. It is in the bill. That is a fact. And it lowers rates. In fact, it not only lowers rates for middle-income Americans, it lowers rates on every single income bracket in the IRS code. That is a fact. Bottom line, an average family of four making $75,000 a year will have about 200 more dollars per month in take-home pay under this bill--$2,400 a year. A single parent making $41,000 a year will see their tax bill decrease by $1,300. That is a 73-percent decrease. That is a fact. It is in the bill. Let me mention one other critical way in which this tax bill will bring middle-class and working-class tax relief. It will get rid of the very regressive and unfair individual mandate of the Affordable Care Act. About 20,000 hard-working Alaskans and over 6 million Americans have to pay a tax, a penalty to the IRS for not buying something-- health insurance--that they cannot afford. Let me repeat that. They are penalized for not buying something that they can't afford. Think about the absurdity of that. Here is why this is such an important middle-class tax cut. When we get rid of that penalty, close to 80 percent of the 6 million Americans who pay the ObamaCare individual mandate tax--close to 80 percent of them--make $50,000 or less. Think about that. Tonight, we are getting rid of that tax, that unfair penalty, and that will undoubtedly bring tax relief for the middle class. This bill also decreases taxes on small businesses and companies so that they can reinvest at home in our great Nation, hire American workers, give pay raises, and help grow our economy. Many of these ideas, doing these kinds of things, have been bipartisan policy ideas for years when we have talked about tax reform. Let me give you one. In 2012, President Obama said that our current business tax structure hurt American business and inhibited growth. He said that the tax system ``provides tax breaks for moving jobs and profits overseas and hits companies that choose to stay in America with one of the highest tax rates in the world.'' That is from President Obama. It was true then, and it is true today. Something has to be done, and we are doing it tonight. The bill will also give small businesses and large companies a chance to help grow our economy. You have heard Senator after Senator come to the Senate floor. My colleague from South Carolina has talked about this eloquently for years. It is an issue I care deeply about. But here is the issue. We have had a lost decade of economic growth. For over 10 years, we have not hit 3 percent GDP growth once in a year. It is an issue I care deeply about. As a matter of fact, I come to the floor and I talk about it a lot. One thing I have noticed in my 3 short years in the Senate is that I am not sure I have seen my colleagues from the other side ever come here and talk about the need [[Page S8131]] to rev up the economy or about the fact that 1\1/2\, 2 percent growth, which is what we have had for almost the last 13 years, is not good for the country. I think, unfortunately, a lot of them believe in this idea of the new normal--that America hitting at 1\1/2\, 2-percent GDP growth is America hitting on all cylinders. Don't believe it. We talk about GDP growth. What is that? It is really a proxy for the health of the U.S economy. It is a proxy for the American dream. In the last 10 years, that economy has been sick. For millions of Americans, the American dream, which is based on a strong American economy, has been a mirage. We have to change this. This should be a bipartisan issue. Getting back to traditional levels of 3 percent or higher GDP growth should be something 100 Senators agree on. This bill is going to help us do that. Finally, I would like to talk about something in the tax bill that will greatly benefit my State and our country; that is, opening the 1002 section of the nonwilderness Arctic National Wildlife Refuge for American energy development. A lot of my colleagues on the other side of the aisle have talked about this, but I am going to tell you this. I can't begin to describe the elation that will be felt by many--so many--in my State when this passes. The vast majority of Alaskans support this provision and have supported it for decades. Hundreds, if not thousands, of Alaskans have worked tirelessly to get it passed since the 1002 area was set aside by this body in 1980 for possible energy development. Don't believe all the rhetoric about ``Oh, that area is off-limits.'' That area is actually on-limits. In 1980, the Congress said: We know there is a lot of energy there, and we should look at the opportunity to explore it. Congress, come back and make the call someday. Hundreds, thousands of my constituents, my fellow Alaskans--and I know some are in the Gallery right now, right above me--have been working on this for decades, and I want to thank all of them. But we have been stopped. We have been repeatedly stopped. You are seeing some of the arguments, many of which are truth-challenged. So I am being polite to all of my colleagues. Year after year, we have tried. The last time that we made a big effort in this, my colleagues on the other side of the aisle killed this provision in 2005. It was a crushing evening in 2005 when this provision did not pass. It was a crushing evening for the late, great Senator Ted Stevens, particularly when then-Senate Minority Leader Harry Reid said that killing the ANWR provision and beating Ted Stevens was ``one of the joys of my life.'' That is from the former Senate minority and majority leader. Voting for the provision to unlock ANWR tonight will be one of the joys of my life, and I am certain that Ted Stevens will be joyfully watching from above, smiling. Last month, a group of Alaskans came to DC to testify before Senator Murkowski's Energy and Natural Resources Committee about the importance to America, to Alaska, and to our communities of the energy provision in this bill. Matthew Rexford, who lives in Kaktovik, AK, which is a village that is actually in the Arctic National Wildlife Refuge, provided riveting testimony. Let me quote from that testimony: My fellow Inupiat and I firmly believe that attempts to permanently block development in the 100--an area intentionally NOT designated as wilderness because of its oil and gas potential--is a slap in the face to our region and its people. It's exactly the same thing as saying ``It's okay for everyone else in this country to have a THRIVING economy, but you can't have one at all.'' To you people living on the North Slope and you people living in Kaktovik: Sorry, you can't do it. Matthew went on to talk about how responsible oil and gas development supports local communities by providing jobs, business opportunities, and infrastructure investments, like schools and hospitals and clinics--things that most communities in America have in abundance. We don't have those in abundance in my great State. He said that the industry ``has moved our people away from third- world living conditions--we refuse to go backward in time. It has provided other basic services most Americans may take for granted'' that communities like his don't have. Increasing domestic energy production will not only be good for my State and for communities like Kaktovik, but it will also boost our country's economy, and--this is a very important point--it will strengthen America's national security. My colleague from Maryland, for whom I have a lot of respect, just talked about how this is going to hurt our national security. I couldn't disagree with him more. ***Producing*** more energy responsibly-- oil, natural gas, renewables--and making the United States the world's energy superpower once again will dramatically increase our Nation's national security. This is something that we should all agree on. I have served in the Marines for over two decades, and I have served as a U.S Assistant Secretary of State, whose portfolio included global energy issues. I have seen how energy can be used as a tool for good, productive diplomacy and for troublesome power grabs by our Nation's foes. When we don't have to import energy from countries that don't like us or when we have the opportunity to actually export energy-- American energy--to our allies, this dramatically strengthens our Nation's national security. The Presiding Officer and I both sit on the Armed Services Committee. We have heard for years from the Department of Defense's military and civilian leaders. Whether he be Secretary Carter, a Democrat, or Secretary Mattis, a great Marine general, they have all consistently emphasized this point: Making America the world's energy superpower will help with jobs, will help with our economy, and it will dramatically help our Nation's national security. Let me conclude by telling a story that really emphasizes this point. Last year, I attended the Halifax International Security Forum. National security leaders throughout the world attended. I was in a meeting with a great national security leader of this body, Senator John McCain, and we were meeting with a senior-level Russian dissident. We asked him at the end of the meeting: What more can we do in our country to help push back against the Putin regime and the activities that it is undertaking to undermine U.S interests around the world and in our own country? What more can we do? He looked at us and said: The No. 1 thing that you can do is to ***produce*** more American energy. Let me repeat that. In terms of national security, the No. 1 thing that we can do is to ***produce*** more American energy. We do it more responsibly and with the highest environmental standards of any place in the world. Opening the 1002 area in using those high standards--the world's highest standards--with the most advanced technology, will ***produce*** more American energy for the betterment of my State, my constituents, and for the whole country. We are on the cusp of passing a bill that will put more money in the hands of the middle class, grow our economy, and fulfill a 40-year-long dream for Alaska. The might of America has always been and will always be in the ingenuity of our people--the ability of Americans to make decisions for themselves, to live their lives as they see fit, to build, to grow, and to make a better tomorrow for the next generation. The American dream does not have a price tag, but it can be stymied. It can be stymied and stunted by an overbearing Federal Government that wants to hinder the freedom of the individual and an overbearing Federal Government that crushes economic hope and opportunity through overtaxation or overregulation. It does this by telling someone like Matthew Rexford, who is from a small village more than 5,000 miles from here, that he and his people cannot make better lives for themselves and for their children by developing resources on their own land. That is going to end tonight. At long last, that is going to change, and the vast majority of Alaskans--Democrats and Republicans, Native and non-Native--are going to celebrate. I believe, when the American people realize and experience the positive benefits of this bill through stronger economic growth, better jobs, and more take-home pay, that they are going to celebrate too. I [[Page S8132]] urge my colleagues to vote for this historic legislation. I yield the floor. The PRESIDING OFFICER. The Senator from Delaware. Mr. CARPER. Mr. President, it is a pleasure to be on the floor tonight with my friend the Senator from Alaska. The Navy salutes the Marine Corps and salutes him for his service before. Now I just want to follow up on a couple of things that he mentioned. He need not stay on the floor if he doesn't want to, but he is more than welcome to as he spent a little bit of time criticizing the individual mandate. Harry Truman used to say that the only thing new in the world is the history that we forgot and never learned. So I just want to take a minute and talk about the history of the individual mandate. The individual mandate was not invented by Barack Obama. ObamaCare was never invented by Barack Obama--the idea for exchanges in all 50 States and the sliding scale tax credit to buy down the cost of healthcare in those exchanges. The idea to have an individual mandate so that everybody has to buy healthcare and that if you are not eligible for Medicaid or Medicare, you need to get healthcare and that, if you don't, there is a fine was not Barack Obama's idea. The idea that employers of a certain size and with a certain number of employees have to provide healthcare coverage for their folks was not a Barack Obama idea. The notion that the insurance companies could not deny coverage to folks who had preexisting conditions was not an idea that was invented by Barack Obama. ObamaCare with those five provisions--exchanges in every State, a sliding scale tax credit to buy down the cost of the care, the individual mandate to make sure that everybody is getting coverage, the employer mandate by which the employer has to cover the employees, the prohibition against insurance companies in their not providing coverage for those with preexisting conditions--had its origin from right here in the U.S Senate in 1993--right here in 1993. The legislation was introduced by a Republican Senator from Rhode Island, Chafee. It was cosponsored by 22 other Republican Senators, including the chairman of the Finance Committee--one of the people I most admire here in this body. Those five ideas didn't go anywhere in 1993, but do you know who took them? A Governor of Massachusetts took those five ideas and said: Maybe we could use those five ideas to cover everybody in the State of Massachusetts. Governor Mitt Romney created RomneyCare. Do you know what? For the most part, it worked. It covered just about everybody there. Initially, it had problems with affordability, but it has done better over time. When we worked on the Affordable Care Act, we took that Republican Senate proposal from 1993. We took RomneyCare from 2006, and we included it in the Affordable Care Act because it was a market-based approach to making sure that everybody who didn't get coverage from their employers and who were not eligible for Medicaid and were not eligible for Medicare could get coverage. We see in this legislation before us tonight not just changes to the Tax Code but also a further effort to destabilize the exchanges, which is something that the current administration spends a lot of time trying to do. It is a Republican idea. It is a market-based approach. They happen to be good ideas. They happen to work in Massachusetts, and they could work in the 49 other States if we didn't have an administration and my colleagues here in this body and in the House who were trying to destabilize the exchanges. I hope that when this legislation passes and we repeal the individual mandate that we will not just repeal it. Why do we have it in the first place? It is to make sure that young, healthy Americans are going to be getting coverage in the exchanges. You can't just have sick and elderly people in the exchanges. You have to have some young, healthy people in there too. That is why we have the individual mandate. If we are going to get rid of it, we need to replace it with something that works at least as effectively. That is one of the things that we need to work on in our going forward between now and 2019 when the individual mandate is repealed under this legislation. I had the privilege of serving as the Governor of my State of Delaware for 8 years. During those 8 years, we cut taxes in 7 out of the 8 years. We also balanced our budgets for 8 years in a row. We paid down some of our debt. We earned AAA credit ratings for the first time in the State's history. We still have them. For those 8 years, we had a general assembly whose majority was Republican in the House and whose majority was Democrat in the Senate. Do you know what we did? We actually worked together. We worked together in that we used sound budgeting practices, and we used sound economic analyses and forecasts. We worked together, but neither side got everything it wanted. In Delaware, we have something that we call the Delaware Way. I describe it with the letter C--four Cs--communicate, compromise, collaborate, civility. That is it. That is the Delaware Way-- communicate, compromise, collaborate, and use some civility. We don't do much of that around here, and we are the worse for it. During those years that I was privileged to be Governor and we cut taxes for 7 out of the 8 years, I would read each tax proposal with four questions. One, is it fair? Two, does it foster economic growth or impede it? Three, does it simplify the Tax Code or make it more complex? Four, what does it do to the deficit? Do we end up with a deficit? Do we end up with a balanced budget? Do we end up with a surplus? I asked those four questions. Twenty years later, as we took up tax reform here in the U.S Senate, I asked the same four questions. Is it fair? Does it foster economic growth? Does it simplify the Tax Code? What does it do to the budget or to the deficit situation that we face? Those are the four questions. Others have already talked about fairness. Let me just say that when you look at what is going to happen in the first couple years after the passage of this legislation, lower income folks, families, are going to get a tax cut too. It is not just the wealthy; low-income families will get a tax cut, too, for a couple of years. Families making $30,000 will benefit. They will end up lowering taxes for the first 2 years after the implementation of this legislation. After 3 or 4 years, families making $40,000 or less will be on the losing side. After 5 years, families making $50,000 will be on the losing side. After 8 or 9 years, families making as much as $75,000 will not be paying less taxes, they will actually be paying more taxes. Meanwhile, folks whose income is half a million, $1 million, or more, for the most part will realize very substantial reductions in their taxes--very substantial reductions--and as that income goes up, the greater those reductions will be in their tax obligation. Some people ask: Is that fair? It depends on whom you ask. If you happen to ask people who are making $30,000 or $40,000 or $50,000 a year, maybe not. It is fair for a while but not for long enough. I mentioned the 8 years I served as Governor of our State and how we balanced our budget to pay down debt and got an AAA credit rating. More jobs were created in those 8 years than any 8 years in the history of the State of Delaware. I did not create any of them. I did not create one of them. I helped create a nurturing environment for job creation in our State so that little businesses could get started and grow into bigger businesses and bigger businesses could make a profit and hire more people. The Tax Code is an important ingredient in nurturing an environment for job creation and job preservation--not the only ingredient but an important ingredient. Senator Cardin stood right in front of me a little while ago and talked about how important it is to have certainty and predictability. That is almost as important as the tax rates, to actually know what we are going to face and not face, the uncertainty of rates going up or down and the rules changing in the years to come. But I would like to run through a short list of other ingredients needed in the nurturing environment that I don't believe we are addressing in these changes to the Tax Code. One is commonsense regulations, regulations that protect us, protect our [[Page S8133]] health, our environment, and do so in a way that is cost-effective. Another way to create a nurturing environment is to make sure that we are ***producing***, out of our high schools, colleges, universities, and community colleges, people who can read, write, think, use math and have technology skills in science and engineering. The inability to come out of these schools and go to work in the millions of jobs that are going unfilled these days is because the skill sets that are demanded by employers for these millions of jobs are not met by the people who are looking for work, for the most part, except for about 800,000 people--the DACA folks who fill 800,000 of those 3 or 4 million jobs that are unfilled. What is another ingredient? Access to capital, the ability of a business to get money, to raise money to be able to invest in plant and equipment and in employees in the workforce. Another is access to foreign markets to be able to sell the products or the services we provide to other countries around the world, get into those markets. Another is energy costs. My colleague from Alaska said in his comments that one of the things we ought to be in America is the superpower of energy. Who invented nuclear energy? We did. We are the Saudi Arabia of coal. We are the Saudi Arabia of natural gas. We create, as far as I know, as much electricity from wind and solar as I think any nation on Earth, and we need to do a whole lot more, and we can. With regard to healthcare costs, we pay way too much money for healthcare in this country. Actually, we have a pretty good idea of how to bring it down. One of those good ideas is the exchanges, and if we stop undermining them and degrading them and destabilizing them, they would actually work like they do in Massachusetts and a bunch of other States. Public safety is a key ingredient among the forces and factors that are helpful in creating that nurturing environment. Investing in research and development that could be commercialized in terms of jobs and economic opportunity is hugely important. There is also protecting intellectual property, protecting against cyber attacks, transportation, infrastructure. Earlier this year, the Nation's Society of Civil Engineers evaluated our transportation infrastructure in this country, and again this year, D--``d'' as in dog--because our roads, highways, and bridges are in deplorable shape in many parts of this country. Did we invest any money in that in this tax bill? If I had $1 trillion to invest in this country to strengthen our economy, I would put it in infrastructure, roads, highways, bridges, ports, airports, broadband, just deploying broadband in vast areas of the country and rural areas of the country where we don't have access to the internet. That is what I would do. We don't do any of that in this legislation. In terms of economic growth and job creation, what we are told by most economists is, sadly, a lot of companies will make extra money from--realize greater profits from the changes in the Tax Code, the majority of them. According not to me but to economists who are a lot smarter than I, a good deal of that money is not going to further investments in plant and equipment, not into their workforce, it will be turned into dividends and stock buybacks and not to create the kind of economic growth we all want. Let me talk a minute about the third question I always ask about tax reform proposals; that is, does it simplify the Tax Code or make it more complex? During our markup, our vote, and debate in the Finance Committee on the proposals, one of my colleagues--I think it was Senator McCaskill-- had a stack about this tall of the Federal Tax Code. One of our expert witnesses from the Joint Tax Committee was asked: Will this legislation that is before us tonight actually make that stack of books that make up the Tax Code--is it going to make it smaller? He said: No, quite the opposite--it is going to make it larger. Now, the idea of doubling the standard deduction, enabling more people to not have to itemize their taxes--that makes the Tax Code simpler. That is a good idea. But overall, when you look at all the other changes in this legislation, that stack which represents the Tax Code is not going to go down; ultimately it is going to go up. Those are not my words but the testimony from the Joint Tax Committee. Lastly, what is going to be the effect of these tax changes? What is going to be the effect on the budget deficit? And here is where I think we really missed the boat. When Bill Clinton became President in 1993, we were in a deficit. We were in a recession, and he became President. Eight years later, when he turned the reins over to George W. Bush--in those 8 years, more jobs were created than in any 8-year period in the history of the United States. On top of that, in the last 4 years of that administration--1998, 1999, 2000 and 2001--we had a balanced budget and a surplus. When the reins of leadership were turned over to the next administration, George W. Bush's, I think CBO was forecasting a budget surplus of at least $5 billion, probably more. There was a concern that we were actually growing the surplus too fast. Well, it didn't take too long for the surpluses to be eliminated, and when that administration came to an end, we were in the worst economic recession since the Great Depression. We called it the great recession. We went from 4 years of surpluses to the worst economy since 1930. That is what Barack Obama and Joe Biden and a new Congress in 2009 inherited. I know some of my colleagues think that there has not been any kind of economic recovery. Just look at where we were in 2008 and 2009. For the last 8 years, we have had economic growth and job creation for 8 consecutive years. I don't think we have ever seen that kind of sustained economic growth in the history of our country. Instead of paying down debt after 8 years of economic growth and job creation, we actually, last year, increased the deficit by $666 billion. With this legislation, we are going to add another roughly $2 trillion to our debt over the next 10 years. This is a missed opportunity, folks. It doesn't have to be this way. There are good ideas in this legislation. The corporate tax rate is too high. Let's bring it down. I am for that. The standard deduction ought to be doubled. I think Democrats are for that. The child tax credit ought to be increased, maybe doubled, made refundable to help lower income families too. I am for that. The capital gains rate maintained where it is--I am for that. The repatriation of overseas profits--I am for that. There are a lot of things I think could actually serve as a foundation on which we could come to an agreement on bipartisan legislation. As far as I am concerned, we never really had a fair chance. I will close with an African proverb. My friend Senator Scott is about to follow me, and he has heard me say this before. The old African proverb says: If you want to go fast, travel alone. If you want to go far, travel together. If you want to go fast, travel alone. If you want to go far, travel together. We should have traveled this road together. If we had, we would have maybe some short-term pain but long-term gain. But I fear that with this legislation, it will be just the opposite. There will be some short-term gain but I figure, in the long run, long-term pain. With that, Mr. President, I yield the floor and will pass it on to my friend from South Carolina. Mr. HATCH addressed the Chair. The PRESIDING OFFICER. The Senator from Utah. Mr. HATCH. Mr. President, I have been listening to this debate for a long time, and I have to admit it has been interesting, but it has been prolonged way beyond where it should have been. My friends on the other side make much about this process, demeaning the Members and staff who really put it together. This bill was marked up in the Finance Committee. It is the first reconciliation bill to be processed in committee in the Senate in over 12 years. During that period, Democrats held power for 8 of those years; Republicans, 4 of those years. The reconciliation bill that made up part of the Affordable Care Act never went through the Finance Committee. That reconciliation bill never went through any real Senate process. To be fair, the Affordable Care Act repeal bill that my side proposed didn't go [[Page S8134]] through the Finance Committee either. As difficult as it was, as chairman, I put out a chairman's mark, modified it, permitted debate and amendments, and put it to a vote, all in conformity with committee rules. We had a full Senate debate, amendments, and votes. So I don't want to hear tonight or at any time that the process deteriorated. It didn't deteriorate. Mr. BROWN. Will Senator Hatch yield for a question? Mr. HATCH. No, not just yet. I am going to finish these remarks. I am going to insert in the Record an analysis of winners and losers. The analysis is dated today. It was ***produced*** by the nonpartisan Joint Committee on Taxation. Mr. President, I ask unanimous consent to have it printed in the Record. The PRESIDING OFFICER. Is there objection? Mr. BROWN. Reserving the right to object, Mr. President, I would just like to ask Senator Hatch a question. Mr. HATCH. I have the floor. The PRESIDING OFFICER. Is there objection? Mr. BROWN. I want to state my objection. There is objection, Mr. President. I would like to state my objection. May I state the reason for my objection? The PRESIDING OFFICER. The Senator from Utah has the floor. Mr. HATCH. Mr. President, then I will withhold the unanimous consent request. The PRESIDING OFFICER. The Senator from Utah has the floor. Mr. BROWN. Mr. President, may I state the reason for my objection? The PRESIDING OFFICER. The Senator from Utah has the floor. Mr. HATCH. Mr. President, I have just withdrawn the request. I will insert it later when it is more expeditious to do it. The announcements I have been talking about is dated today, and it was ***produced*** by the nonpartisan Joint Committee on Taxation. I would like to put it in the Record. We will do that, if we can. I hope my colleague will allow me to do that, and I will ask consent that it be put in the Record. That analysis shows that middle-income taxpayers are winners. That nonpartisan data shows--sorry, my writing is not too good here--well, it shows that they are winners, and that is the clear impact of this bill. That data cuts through the rhetorical fog generated by my friends on the other side. My friends on the other side focus on the year 2027--10 years from now--when, guess what, that is the year past the sunset of tax cuts on the individual side. Focus on the years the cuts are in effect, and you will see the middle class are really winners. There is no question about it if you focus on it. I ask unanimous consent that this report, ``A Distribution of Returns by the Size of the Tax Change for the Conference Agreement for H.R 1, the `Tax Cuts and Jobs Act,' '' by the Joint Committee on Taxation be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: A DISTRIBUTION OF RETURNS BY THE SIZE OF THE TAX CHANGE FOR THE CONFERENCE AGREEMENT FOR H.R 1, THE ``TAX CUTS AND JOBS ACT'' [Calendar Year 2019] ---------------------------------------------------------------------------------------------------------------- Percentage of Returns --------------------------------------------------------------------- Tax Decrease Tax Increase INCOME CATERGORY (2) ---------------------------- Tax Change --------------------------- Greater Than Less than Greater Than $500 $100-$500 $100 $100-$500 $500 ---------------------------------------------------------------------------------------------------------------- Less than $10,000......................... 0.7% 3.5% 95.6% 0.1% 0.1% $10,000 to $20,000........................ 5.6% 38.9% 52.4% 0.4% 2.7% $20,000 to $30,000........................ 17.2% 30.5% 47.1% 1.0% 4.1% $30,000 to $40,000........................ 30.1% 32.0% 32.4% 1.9% 3.7% $40,000 to $50,000........................ 51.2% 21.7% 20.2% 2.8% 4.2% $50,000 to $75,000........................ 67.7% 14.7% 10.2% 2.8% 4.6% $75,000 to $100,000....................... 77.8% 10.4% 4.1% 3.0% 4.8% $100,000 to $200,000...................... 87.0% 4.1% 1.7% 2.0% 5.1% $200,000 to $500,000...................... 93.0% 1.8% 0.6% 0.9% 3.7% $500,000 to $1,000,000.................... 93.5% 0.3% 0.1% 0.3% 5.9% $1,000,000 and over....................... 85.3% 0.3% 0.2% 0.3% 13.8% --------------------------------------------------------------------- Total, All Taxpayers.................. 48.3% 17.2% 28.9% 1.7% 3.8% ---------------------------------------------------------------------------------------------------------------- Source: Joint Committee on Taxation Detail may not add to total due to rounding. (1) This table is a distributional analysis of the proposal in revenue table JCX-67-17, excluding the following sections: I. Tax Reform for Individuals: D.4 -.7 , E.1D -E.2 , F., and 1.2-1.13 Under section H., the distributional analysis does not income the effect of the cost-sharing reductions and change in Medicaid spending. (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health ***plans*** and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, [8] individual share of business taxes, and [9] excluded income of U.S citizens living abroad. Categories are measured at 2017 levels. (3) The categories reflecting the size of tax change are indexed for inflation. A DISTRIBUTION OF RETURNS BY THE SIZE OF THE TAX CHANGE FOR THE CONFERENCE AGREEMENT FOR H.R 1, THE ``TAX CUTS AND JOBS ACT'' [Calendar Year 2021] ---------------------------------------------------------------------------------------------------------------- Percentage of Returns --------------------------------------------------------------------- Tax Decrease Tax Increase INCOME CATEGORY (2) ---------------------------- Tax Change --------------------------- Greater Than Less than Greater Than $500 $100-$500 $100 $100-$500 $500 ---------------------------------------------------------------------------------------------------------------- Less than $10,000......................... 0.4% 2.4% 96.8% 0.1% 0.2% $10,000 to $20,000........................ 5.8% 33.2% 55.1% 0.7% 5.1% $20,000 to $30,000........................ 14.6% 27.7% 49.0% 1.4% 7.2% $30,000 to $40,000........................ 25.2% 28.9% 36.4% 2.5% 7 0% $40,000 to $50,000........................ 45.6% 21.2% 22.5% 3.3% 7.4% $50,000 to $75,000........................ 61.7% 15.2% 12.3% 3.6% 7.2% $75,000 to $100,000....................... 72.2% 12.2% 5.0% 3.9% 6.7% $100,000 to $200,000...................... 82.4% 5.2% 2.1% 3.0% 7.3% $200,000 to $500,000...................... 88.5% 2.5% 1.1% 1.8% 6.1% $500,000 to $1,000,000.................... 90.5% 0.4% 0.3% 0.4% 8.4% $1,000,000 and over....................... 80.1% 0.3% 0.2% 0.5% 18.8% --------------------------------------------------------------------- Total, All Taxpayers.................. 44.8% 16.2% 30.5% 2.3% 6.2% ---------------------------------------------------------------------------------------------------------------- Source: Joint Committee on Taxation Detail may not add to total due to rounding. (1) This table is a distributional analysis of the proposal in revenue table JCX-67-17, excluding the following sections: I. Tax Reform for Individuals: D.4 -D.7 , E.1 -E.2 , F., and I.2 -1.13 Under section H., the distributional analysis does not income the effect of the cost-sharing reductions and change in Medicaid spending. (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health ***plans*** and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, [8] individual share of business taxes, and [9] excluded income of U.S citizens living abroad. Categories are measured at 2017 levels. (3) The categories reflecting the size of tax change are indexed for inflation. [[Page S8135]] A DISTRIBUTION OF RETURNS BY THE SIZE OF THE TAX CHANGE FOR THE CONFERENCE AGREEMENT FOR H.R 1, THE ``TAX CUTS AND JOBS ACT'' [Calendar Year 2023] ---------------------------------------------------------------------------------------------------------------- Percentage of Returns --------------------------------------------------------------------- Tax Decrease Tax Increase INCOME CATEGORY (2) ---------------------------- Tax Change --------------------------- Greater Than Less than Greater Than $500 $100-$500 $100 $100-$500 $500 ---------------------------------------------------------------------------------------------------------------- Less than $10,000......................... 0.2% 2.0% 96.9% 0.6% 0.3% $10,000 to $20,000........................ 5.1% 29.2% 56.4% 4.3% 5.0% $20,000 to $30,000........................ 13.1% 26.6% 50.6% 2.7% 7.0% $30,000 to $40,000........................ 19.8% 28.6% 40.3% 3.7% 7.5% $40,000 to $50,000........................ 39.9% 20.0% 27.2% 4.9% 8.0% $50,000 to $75,000........................ 54.8% 15.2% 15.7% 5.5% 8.8% $75,000 to $100,000....................... 63.1% 14.6% 7.4% 5.3% 9.7% $100,000 to $200,000...................... 73.6% 6.4% 3.1% 4.6% 12.3% $200,000 to $500,000...................... 70.1% 3.6% 2.1% 2.8% 13.4% $500,000 to $1,000,000.................... 83.0% 0.7% 0.4% 0.8% 15.2% $1,000,000 and over....................... 65.8% 0.7% 0.7% 0.8% 32.0% --------------------------------------------------------------------- Total, All Taxpayers.................. 39.7% 16.0% 32.2% 4.0% 8.1% ---------------------------------------------------------------------------------------------------------------- Source: Joint Committee on Taxation Detail may not add to total due to rounding. (1) This table is a distributional analysis of the proposal in revenue table JCX-67-17, excluding the following sections: I. Tax Reform for Individuals D.4 -D.7 , E.1 -E.2 , F., and I.2 -I.13 Under section H., the distributional analysis does not income the effect of the cost-sharing reductions and change in Medicaid spending. (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health ***plans*** and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, [8] individual share of business taxes, and [9] excluded income of U.S citizens living abroad. Categories are measured at 2017 levels. (3) The categories reflecting the size of tax change are indexed for inflation. A DISTRIBUTION OF RETURNS BY THE SIZE OF THE TAX CHANGE FOR THE CONFERENCE AGREEMENT FOR H.R 1, THE ``TAX CUTS AND JOBS ACT'' [Calendar Year 2025] ---------------------------------------------------------------------------------------------------------------- Percentage of Returns---- --------------------------------------------------------------------- Tax Decrease Tax Increase INCOME CATEGORY (2) ---------------------------- Tax Change --------------------------- Greater Than Less than Greater Than $500 $100-500 $100 $100-500 $500 ---------------------------------------------------------------------------------------------------------------- Less than $10,000......................... 0.3% 3.3% 95.6% 0.6% 0.3% $10,000 to $20,000........................ 6.1% 29.4% 55.2% 4.3% 4.9% $20,000 to $30,000........................ 13.8% 25.8% 50.0% 3.4% 7.0% $30,000 to $40,000........................ 19.7% 26.9% 41.8% 4.3% 7.4% $40,000 to $50,000........................ 38.9% 18.2%- 29.0% 5.6% 8.3% $50,000 to $75,000........................ 53.0% 15.2% 16.2% 6.2% 9.5% $75,000 to $100,000....................... 61.4% 14.5% 7.3% 6.0% 10.9% $100,000 to $200,000...................... 70.7% 6.8% 3.1% 5.1% 14.4% $200,000 to $500,000...................... 75.1% 3.8% 1.8% 3.3% 16.0% $500,000 to $1,000,000.................... 80.2% 0.8% 0.6% 0.8% 17.6% $1,000,000 and over....................... 63.3% 0.5% 0.3% 0.8% 35.0% --------------------------------------------------------------------- Total, All Taxpayers.................. 38.9% 15.8%- 31.9% 4.4% 8.9% ---------------------------------------------------------------------------------------------------------------- Source: Joint Committee on Taxation Detail may not add to total due to rounding. (1) This table is a distributional analysis of the proposal in revenue table JCX-67-17, excluding the following sections: I. Tax Reform for Individuals: D.4 -D.7 , E.1-E.2 , F., and 1.2 -1.13 Under section H., the distributional analysis does not income the effect of the cost-sharing reductions and change in Medicaid spending. (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health ***plans*** and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, [8] individual share of business taxes, and [9] excluded income of U.S citizens living abroad. Categories are measured at 2017 levels. (3) The categories reflecting the size of tax change are indexed for inflation. A DISTRIBUTION OF RETURNS BY THE SIZE OF THE TAX CHANGE FOR THE CONFERENCE AGREEMENT FOR H.R 1, THE ``TAX CUTS AND JOBS ACT'' [Calendar Year 2027] ---------------------------------------------------------------------------------------------------------------- Percentage of Returns --------------------------------------------------------------------- Tax Decrease Tax Increase Income Category (2) ---------------------------- Tax Change --------------------------- Greater Less than Greater Than $500 $100-$500 $100 $100-$500 Than $500 ---------------------------------------------------------------------------------------------------------------- Less than $10,000......................... 0.3% 1.1% 96.6% 1.8% 0.2% $10,000 to $20,000........................ 1.9% 1.4% 72.9% 19.8% 3.9% $20,000 to $30,000........................ 3.4% 2.3% 72.0% 17.2% 5.1% $30,000 to $40,000........................ 4.9% 4.8% 69.4% 14.6% 6.3% $40,000 to $50,000........................ 6.2% 7.0% 65.6% 14.6% 6.6% $50,000 to $75,000........................ 6.0% 10.9% 61.5% 15.0% 6.6% $75,000 to $100,000....................... 8.9% 17.8% 54.2% 13.5% 5.6% $100,000 to $200,000...................... 16.2% 24.2% 34.1% 17.8% 7.7% $200,000 to $500,000...................... 32.8% 18.1% 15.3% 17.6% 16.2% $500,000 to $1,000,000.................... 54.7% 7.9% 4.5% 7.3% 25.6% $1,000,000 and over....................... 58.2% 2.4% 1.1% 1.9% 36.4% --------------------------------------------------------------------- Total, All Taxpayers.................. 8.6% 10.4% 59.9% 14.8% 6.3% ---------------------------------------------------------------------------------------------------------------- Source: Joint Committee on Taxation Detail may not add to total due to rounding. (1) This table is a distributional analysis of the proposal in revenue table JCX-67-17, excluding the following sections: I. Tax Reform for Individuals: D.4 -D.7 , E.1 -E.2 , F., and I.2 -I.13 Under section H., the distributional analysis does not income the effect of the cost-sharing reductions and change in Medicaid spending. (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health ***plans*** and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, [8] individual share of business taxes, and [9] excluded income of U.S citizens living abroad. Categories are measured at 2017 levels. (3) The categories reflecting the size of tax change are indexed for inflation. Mr. HATCH. Mr. President, I yield the floor. The PRESIDING OFFICER. The Senator from South Carolina. Mr. SCOTT. Mr. President, we have had an opportunity for the last several hours to go back and forth to debate the benefits or the negatives of this bill. This is a historic night for America 31 years in the making. If you are watching this debate at home, you might be a little confused. As Democrats and Republicans continue to talk about the same bill using very different perspectives, folks must be wondering where is the truth. I would like to spend a few minutes clarifying some of the important points, some of the misinformation that is coming from the left. First, this is not a healthcare bill. Our friends on the left have suggested that somehow, some way this bill will eliminate coverage for millions and millions of [[Page S8136]] Americans, and they will lose their coverage. The only thing this bill actually does is it eliminates the penalty for those folks who decide not to buy health insurance. In other words, this bill reduces the tax burden on families who are working paycheck to paycheck. One-third of the families who pay the penalty are families who make less than $25,000, and 80 percent of the folks who pay the penalty make less than $50,000. Contrary to popular belief on the left, no one loses their insurance, but they will have the option to do what is in their family's best interest, what is in the individual's best interest. We have sought for ways to work with our friends on the other side because we know this legislation is not about the Republican Party, it is not about conservatives, nor is it about liberals. It is about Americans--Americans who for too long have worked too hard and have seen too little in their paychecks. The government does not create jobs. No matter what either side says, we don't create jobs, but we can, through this tax reform package, increase take-home pay by taking less out. Now, some may ask the question, What does that mean taking less out? Well, for your average, single parent in America who makes the average income of $41,000, as my good friend from Alaska already stated, that individual household will see about a 73-percent cut in their taxes. Said differently, that means an increase in their take-home pay. Now, I was thinking about folks back at home in South Carolina--one person in particular--Sherrie, who is a single mother with two kids and trying to start a new business. Here is an opportunity to have just a little more margin at the end of each pay period--$1,300. These are real dollars, and my friends on the left seem to suggest that a 73- percent cut in the typical single-parent household's tax burden is not an increase. Well, the story continues. For the average family in America making $73,000, they are looking at a tax cut of 58 percent--over $2,000 more in their paycheck. When I talk to my friends who are typical Americans--Michelle and Joe living in South Carolina, working hard, raising two beautiful kids--having a 60-percent cut in their taxes is real middle-class relief. This is a bill that delivers, and the good news is, only in about 7 or 8 weeks, the average American will have an answer to which side is right; is it the left or is it the right? The fact is, they will be able to take a look in their own paychecks and determine for themselves the benefits of this tax cut. When we think about the things we should be working on to restore confidence that the average person has lost in the government, we do that by making sure our tax proposal speaks to the average family. So we do double the standard deduction for individuals from $6,300 to $12,000; for single-parent households from $9,300 to $18,000; and for two-earner households, we essentially create a zero-percent tax bracket for folks living at the Federal poverty level of $24,000. By doubling the standard deduction to $24,000, we have essentially created a zero- percent tax bracket. The good news is, it gets better. For those folks with children in the house where your child tax credit used to be $1,000, now the child tax credit is $2,000, with 70 percent of that amount being refundable-- an increase from what it used to be. So many folks on the other side have talked about whether this is simplification, but when 95 out of 100 tax filers can simply use the standard deduction, it means that, yes, on the back of a clean piece of paper, someone can determine their tax burden. This is good news. Of the 6 billion hours spent annually doing their taxes, we are going to cut that number down significantly. For our friends living in blue States where the SALT, State and local tax, debate has been so important, we have decided to sweeten the SALT solution by allowing a hybrid of either your property taxes or income taxes to be used within that $10,000 threshold. We have even made it easier through 529 ***plans*** to prepare and to pay for education, K-12, as well as college. The one thing I will say that we have heard a lot of from our friends on the other side--and you will hear more of it tonight--it is FEAR. It is an acronym that means false evidence appearing real. It is not the truth, but fear sells. It seems as though my friends on the other side have decided, if you just keep saying it, it must be true, and over and over and over--and we will hear it more when I am finished--there are folks demonizing this legislation. The facts are simple, and Senator Cardin said it himself. I wrote it down when he said it because I was like: Wow. That is a clear, concise, true statement. Senator Cardin said major tax relief for families, our bill. We are on the verge of resetting American competitiveness. By lowering our corporate tax rate, we will allow the jobs of the future to be created here at home. With a 20-percent cut in your qualified business income, we will see small businesses prospering, and when they prosper, they will hire more folks. When I was in the gym this past weekend, a small business owner who runs a battery company with seven employees said, on January 1, he is hiring a new person. A survey done of 7,000 manufacturers, the vast majority said that with this tax cut, they will hire more people, they will increase wages, and they will improve benefits. This is good news from a global perspective, this is good news from a small business perspective, and this is good news from an individual perspective. It is time for us to complete the people's business and vote yes for tax cuts, vote yes for an improved business climate, and vote yes for a global competition where American companies and American workers are winning. I yield the floor. The PRESIDING OFFICER (Mr. Flake). The Senator from Oregon. Mr. MERKLEY. Mr. President, one thing is for sure, this is not the people's business. This is the business of the powerful and privileged. Well, this is really a bank heist. How big is this bank heist? Well, it is about $3 trillion being delivered to the very richest Americans. Let's add it up. Changing the tax brackets for those who earn more than $200,000, $673 billion; changing the individual alternative minimum tax which only affects the very wealthy, $637 billion; changing the estate tax, $83 billion; changing the corporate tax rate, most of which goes to the advantage of the wealthiest Americans, $1.35 trillion; changing the corporate AMT, $40 billion; and the passthrough legislation that favors the wealthiest LLCs, $414 billion. Add it all up, and it is well over $3 trillion. There it is--$3 trillion. It is $3 trillion for the very richest Americans. Is that the middle-class tax cut? Think about how much this is per person here in the United States of America. About $8,000 per person in America is being taxed so they can give $3 trillion to the very richest Americans. Is that a fair, square deal? What if we were to spend $3 trillion on the middle class? What if we were to do that? What if we were to invest a trillion dollars of it in infrastructure? It creates a lot of jobs today, and it creates the foundation for a lot of jobs tomorrow and the year after. What if we were to spend a trillion dollars on healthcare? We could go a long way in terms of greatly amplifying the success and quality of the work from our community health clinics--making sure, basically, that healthcare is a fundamental, affordable right for every American. We can do a lot on healthcare with a trillion dollars. What could we do, I ask my Republican friends, with $1 trillion in education? How about spending $500 billion to strengthen our K-12 system and another $500 billion to strengthen and to make college affordable for every single American? This $3 trillion this bill gives to the richest Americans is the biggest bank heist not just in American history but in the history of the world, happening here tonight and brought to us by the powerful and the privileged. This is absolutely unacceptable. While the rich gloat over all the gold they are piling up--3 trillion dollars' worth--middle-class Americans get coal in their stocking. This tax scam so favors the wealthy that 83 percent of the benefits goes to the richest 1 percent. Is that the middle-class bill? I don't think so. This bill sends jobs overseas, hurting middle-class Americans. [[Page S8137]] This bill increases our national deficit and our national debt, making it much harder to have ***programs*** that provide a foundation for families to thrive. This bill destroys healthcare for 13 million Americans. Analyst after analyst says it will also raise insurance premiums for everyone else who buys healthcare. Wow, talk about clobbering the middle class by destroying healthcare for 13 million people and raising the premiums on healthcare for everyone else buying insurance. So over here, we have the pile of gold--$3 trillion for the richest Americans--and over here, we have the loss of jobs shipped overseas. We have the increased price of healthcare. We have 13 million American people losing their healthcare. Then we have the second phase of the Republican ***plan***, which was announced by the Speaker of the House last week. This week we pass $3 trillion for the wealthiest Americans, but what do we do after that? We go after Medicaid, Medicare, and Social Security. That is the ***plan*** we heard from the Speaker of the House. This is a diabolical bill. This is an abomination in a government of, by, and for the people. How does it come to pass that we even have this bill under consideration? I will tell you how. It is a cycle of campaign corruption. Megabillionaires fund the campaigns for the Senate and then have people come in here to pass this bank heist for the billionaires. That is the cycle--Citizens United allowing unlimited funds invested by third-party campaigns. Corruption in campaigns ***produced*** this tax scam, this bank heist, this abomination against the people of the United States of America. Now, Oregon has about 1 percent of the population in the United States. So what would be their share if we would, instead, invest that $3 trillion in infrastructure, healthcare, and education? For Oregon, that would be $30 billion. That is 30,000 $1 million grants to invest in infrastructure that is needed all over our State, to invest in more teachers all over our State, and to invest in lower cost tuition so every child can go to a public university without debt. But that is not what we have tonight--no. My friend across the aisle says that we are going to wave the magic wand and we are going to give all this money--all of this gold, all this $3 trillion--to the richest Americans, and jobs are going to automatically appear. But it has been analyzed by the experts. They say this barely increases the growth of the economy--just a smidgeon, almost immeasurable. Then, there are these countereffects. You have the challenge that this bill will create a lot of money for companies that are going to buy machines to replace people who work--accelerating the automation in America that destroys jobs. This bill is going to send jobs overseas, destroying the foundation for success for millions of American families. This money is going to be used for stock buybacks and dividends, enhancing the wealth of the already wealthy. That is why the experts say this is not going to create a phenomenal growth in our economy, a phenomenal number of jobs. I would like to see us fight for middle-class Americans, fight for infrastructure and jobs, fight for healthcare, and fight for education. These are the foundations for thriving families, but that is not what we have tonight, and that is why anyone who believes in government of, by, and for the people should defeat this bill. The PRESIDING OFFICER. The Senator from Michigan. Mr. PETERS. Mr. President, tonight the Senate will vote on a tax bill that will provide large corporations and wealthy individuals with a massive tax cut. The bill will result in well over $1 trillion in debt that will be passed on to our children and our grandchildren. The bill will result in dramatically lower taxes for people who earn their living off of stocks and investments, for people who inherit millions of dollars from their parents, and for the CEOs of multinational companies. By the time the bill is fully implemented, it will lead to higher taxes and higher healthcare costs for millions of hard-working Americans who show up each and every day to do their job and to earn a living. This bill we are voting on today was written in secret in an entirely partisan fashion, without input from nearly half of the Senate. But it didn't have to be this way. If we wanted to give middle-class families a real tax cut, we could have. Instead, we are voting on a bill that has benefits for middle-class families that will expire just to pay for permanent tax cuts given to multinational corporations. If we wanted to reform the Tax Code, to take away loopholes for offshoring our jobs, and to help create good-paying jobs here in the United States, we could have. Instead, we are voting on a bill that does nothing to target offshoring or job creation. What will it do? Well, CEOs have told us directly that they are going to buy back stock, which mostly benefits the wealthiest shareholders and the CEOs with stock options. When we know that over a third of the stocks that trade on the market are held by foreign investors--foreign investors are holding half of the value of the stock market--it is just impossible to argue that this bill is focused on Michigan families. If we wanted to make the Tax Code simpler for small businesses, we could have. Instead, we are voting on a bill that includes some of the most complicated provisions you could possibly imagine for a small business owner. If we really wanted to tackle our fiscal challenges in a responsible way, we could have. Instead, we are voting on the most fiscally irresponsible bill that I have ever voted on, adding $1.5 trillion to the debt that our children and grandchildren will be responsible for, all while doing next to nothing for middle-class families. This is not the way we are supposed to make policy in this country. The bill that is on the floor tonight is here without any hearings. We didn't hear from a single expert on the specifics of the bill--not a single economist, not a single small business owner, not a single middle-class family. It is simply wrong. I urge my colleagues to vote no and to defeat this bill. I yield the floor. The PRESIDING OFFICER. The Senator from Maryland. Mr. VAN HOLLEN. Mr. President, we need bipartisan tax reform. We should simplify our Tax Code. It has been filled over many years with all sorts of junk that was put there by high-powered lobbyists, rather than because of the public interests. Unfortunately, this bill has nothing to do with tax reform. In fact, it is hard to believe you could take a tax code that is already stacked in favor of the very wealthy and the very powerful and make it even more favorable to the very wealthy and very powerful, but that is exactly what this Republican tax ***plan*** does. Exhibit A about how this has nothing to do with tax reform has to do with the carried interest loophole. Many may recall that during the last campaign, whenever Candidate Trump talked about the need to reform the Tax Code, what was his No. 1 example? He said: We have to get rid of the carried interest loophole for hedge fund managers. Go back and run the tape. Every time somebody asked him what was broken about the Tax Code, that is what he said. In fact, he said: The hedge fund guys are getting away with murder. They're making a tremendous amount of money. They have to pay taxes. That was Candidate Donald Trump. Well, here we are. Shortly, we are going to vote on the final Republican tax ***plan***. And guess what. In a tax ***plan*** that is over 500 pages, nowhere do they get rid of the carried interest loophole for hedge fund managers. Hedge fund managers are still going to get a better tax rate than the people who work for them--a better tax rate than their secretaries and a better tax rate than their assistants. So in Candidate Trump's words, in this tax bill, it looks like those hedge fund managers are still ``getting away with murder.'' That is why it is a farce to call this tax reform. It is stacking the Tax Code more in favor of the very wealthy and the very powerful. In fact, if you are a millionaire in America, you are going to get an average annual tax cut of $70,000. That is great if you are a millionaire. At the same time, millions of middle-class taxpayers are going to pay more. [[Page S8138]] The folks who get the biggest windfall are big corporations. Their tax rate will go from 35 percent to 21 percent. Who are these folks? Well, primarily, they are the folks who are already the wealthiest people in this country, but I bet a lot of people will be surprised to learn that 35 percent of the stockholders in those American corporations are foreign stockholders. Thirty-five percent of the folks who have stock in these companies are foreigners. In the year 2019, foreign stockholders are going to get a $48 billion windfall from that big corporate tax cut. In that same year, 11 million Americans will pay more taxes. So money out of the pockets of middle- class American families will go into the bank accounts of foreign stockholders. That doesn't sound like America first to me. It doesn't sound like middle-class taxpayers first to me. In fact, I want my colleagues to see just how skewed this tax bill is. I mentioned that about 11 million Americans are going to see their taxes go up right away, but if you take the tax cut for every working- class family in every State Donald Trump won in the last election and you add up all of their tax cuts, it is still $5 billion less than what foreign stockholders get in the year 2019. Think about that. These are families who make about $100,000 or less. If you take the tax cut that every family in every State that Donald Trump won, and you add them all up, all those tax cuts, it still comes out to less than foreign stockholders are going to get in the year 2019. I will tell you, when the American public finds out what is in this tax ***plan***, they are going to get madder and madder. I heard Speaker Ryan say: Well, people are going to see the result, and they are going to like it. The more they see the results, the madder they are going to get. Here is the thing, it gets worse with time. There are some things that do well over time; this gets worse. When this bill fully kicks in, the tax cuts for American families expire. They are small, relatively, to start with, then they expire, but the tax cuts for corporations, they are big and they are forever. You know what that means. That means those foreign stockholders are going to have their tax cuts go on forever. In fact, when this fully kicks in 10 years from now, those foreign stockholders are going to get a $23 billion windfall in that year, but average American families making $75,000 or less--$75,000 or less--on average, are going to see their taxes go up. They will see their taxes go up when this fully kicks in to give that windfall to foreign stockholders. That is a bad deal for America. It is a bad deal for the middle class. We should say no to this tax bill. We should start over and do real tax reform that benefits middle-class families and those working their way into the middle class. This is not it. Let's start over. Let's vote this down. I yield back the remainder of my time. The PRESIDING OFFICER. The Senator from Texas. Mr. CRUZ. Mr. President, tonight is a momentous evening, but it is also a sad evening. It is a momentous evening because the Senate is on the verge of passing historic tax cuts that are designed to bring back jobs and economic growth, to create millions of new jobs, to raise wages, and to cut the taxes on working families, but it is a sad day because it is a day of a demonstration of Democratic partisanship that is ill-befitting for the institution that is the U.S Senate. For two centuries, tax reform has been a bipartisan endeavor. For two centuries, Democrats have been willing to work with Republicans on cutting taxes. In 1981 and in 1986, when Ronald Reagan enacted historic tax reforms and tax cuts, Democrats participated. Indeed, a Democrat, Tip O'Neill, was Speaker of the House. In the House, then a conservative Democrat, Bill Graham, carried the Ronald Reagan tax cuts. In the Senate, in 1986, one of the leaders was then a liberal Democrat, Bill Bradley, from New Jersey. Those Democrats, the so-called conservative Democrats, the Democrats interested in cutting taxes on working men and women have disappeared from this institution. When the House first passed tax cuts, zero Democrats voted for it-- zero--not a single Democrat in the entire body. When the Senate passed tax cuts, zero Democrats passed it. We can expect tonight not a single Democrat will break from party discipline. Why? Because they are so united in their rage at President Trump that they are willing to tell middle-class voters in their State: We don't care. Tonight every Democrat is going to vote against doubling the child tax credit. If you are a single mom at home and you have three kids, right now the child tax credit is $1,000. In just a couple of weeks, it is going to double to $2,000 per kid, which means $6,000 in tax credit in your pocket, and every single Democrat in this body is going to say to the single moms: Tough luck. We aren't cutting your taxes. What a sad statement. We have seen floor speech after floor speech after floor speech where Democrats claim this tax cut is going to raise your taxes. There used to be a standard for veracity in this body, but the beautiful thing is, when one political party makes representations to the American people that aren't just a little bit wrong but are wildly outright falsehoods, that tends to become public. The beautiful thing is in January the American people are going to see. So I am going to encourage the American people, in January, take a look at your pay stubs. The Democrats are claiming wildly, falsely that somehow your taxes are going to go up. Let me tell you, for virtually every American taxpayer in this country, your taxes will go down. In the Old Testament, when someone came forward and claimed he was a prophet, the test the Old Testament provided is, if you claimed you were a prophet, the people were to demand, make a short-term prediction, and let's see if it comes true. Well, the Democrats have made a short-term prediction. They told the American people: Your taxes are going to go up. In January, take a look at it. I guarantee you, for that single mom, when you look at the child tax credit, your taxes are going down. Every single income tax bracket is going down. Not only that, the standard deduction that you could take is doubling for a couple from $12,000 to $24,000. The first $24,000 you make, you pay zero, nothing, nada. Yet the Democrats, with their friends, their compliant friends in the media, have succeeded in scaring people to think a historic tax cut is somehow a tax increase. The beauty of it is, for every voter at home, determine if they are telling the truth or if they are misleading you because they are so filled with partisan animosity for the President that they can't vote for a tax cut. It is a sad state of affairs. Despite that, this bill is going to pass. Despite that, we are going to see job creators, we are going to see farmers, we are going to see ranchers, and we are going to see small businesses growing because the taxes on each of them are going to go down. We are going to see the taxes for working families go down. By the way, there is one subset of people whose taxes will go up under this, the rich people in high-tax Democratic States. The irony of all the high dudgeon from our Democratic friends pounding the table about this is a tax cut for the rich, the only people whose taxes are going up are the really rich. The middle class, their taxes are all going down. The working class, their taxes are going down. Every taxpayer, their taxes are going down, except rich people in Manhattan and San Francisco. Some of them, their taxes may go up. You see this Kabuki theater of Senators on the Democratic aisle pretending: We won't defend the rich people by claiming we are defending the working class. Well, the facts are the facts are the facts, and the facts are the taxes for the working class are going down. Those are the facts, and you will see that. I ask everyone watching at home, go look at your pay stub in January. If they weren't telling the truth, if you see in your pay stub you are paying less taxes, you ought to stop and ask: Gosh. Why did 48 Democrats in the Senate all tell me something that was false? Why did they say something that is not true in my family? [[Page S8139]] It is even sadder than that. One of the most important elements of this tax reform bill that we are getting ready to pass is an expansion of educational opportunities for parents. It is an amendment I introduced and this body passed. It was divided 50-50, and the Vice President cast a tie-breaking vote. It expanded 529 college savings ***plans***. Right now, 529 ***plans*** are immensely popular. Parents and grandparents can save for college education for their kids and grandkids in a tax- advantaged way. The amendment I introduced that this body adopted expands 529 college savings ***plans*** to also include K-12 education, to also include letting parents spend up to $10,000 per child per year from a 529 ***plan*** on public school, on private school, on parochial school, or on religious school, and as the amendment was passed, on homeschools. It puts the parents in charge; it puts the grandparents in charge, saving their own money--not taxpayer money--their own money. It is the most significant Federal school choice legislation that has ever passed the U.S Congress. You know what we are in the middle of, right? The Democrats have raised an objection. They raised an objection to all of it. They were horrified that a benefit could go to 50 million schoolkids, that parents would be able to save for those schoolkids. They raised an objection under the Byrd rule, which is an obscure procedure rule that nobody at home knows what it is, but they objected to it. They said: You can't benefit 50 million schoolkids. Indeed, as we argued in front of the Senate Parliamentarian, one of the arguments the Democrats said is: This is really popular with the American people. We don't want to do something that is really popular with the American people. This is a big policy change. They love 529 ***plans***, and now the parents of 50 million schoolkids--schoolkids in Texas and every other State--will be able to save for the education of their kids, and that has the Democrats horrified because every single Democrat voted against the parents in their State saving in a 529 system for K-12 education. Well, the Senate Parliamentarian issued a ruling earlier tonight rejecting most of the Democratic claims but, sadly, adopted one small portion of it. I think that claim was an error. I think the Parliamentarian's ruling is contrary to Federal rule. Let me tell you what the Democrats are objecting to because there was a moment for conscience to strike them. The Democrats' position--they have raised a point of order. The Senator from Vermont stood up and raised a point of order and said they want to exclude homeschoolers from 529 ***plans***. There are 1.8 million kids who are homeschooled right now. To every kid who is being homeschooled right now, to every parent, to every mom who puts in the time--some dads but a lot of moms who put in the time day after day after day homeschooling their kids, what every Democrat is standing up to do right now is saying: We are going to discriminate against homeschoolers. We are going to cut you out. Why? Because the Democratic Party can't stand the audacity of a parent who would take it upon himself or herself to educate their child free of centralized control. So their point of order is to carve homeschoolers out of this. Now, one of the provisions they want to carve out is a provision that says homeschooled students can pay from a 529 college savings account for tutoring. Every Senate Democrat is getting ready to vote against tutors for children at home. Another provision they are objecting to that is going to be carved out says that parents can pay for 529 ***plans*** for books, for additional materials, can pay for a student in high school who is duly enrolled in community college, can pay for that out of their own money in a tax advantage ***plan***. Do you know what the Democrats are saying? If you are a student signed up in a community college, we, the Democratic Party, object to you paying for that out of the tax advantage ***plan***. Let me tell you what is most striking, a provision the Democrats are arguing to strike provides that parents with a child with disabilities can pay for educational therapy from a 529 ***plan*** that is their own savings that they put together, and the Democrats are saying to the parents with kids with disabilities, no, you can't. Let me ask my friends on the Democratic side of the aisle, are you prepared to look into the eyes of a kid with disability and explain why you said you are cut out? Every other child in America has the ability to have their tuition paid for from these 529 ***plans***, but children with disabilities being homeschooled, the Democrats--and not one, not two, every single Democrat--stand united. Why? Because they can't stand the President. They are angry at the President. That is fine. If they are angry at the President, stand up and yell at the President, but don't take it out on kids who are homeschooled. Don't take it out on kids with disabilities. The Democrats have an opportunity to demonstrate they are not going to punish children with disabilities because of their partisan anger. We have right now a motion to waive this mean-spirited, vindictive point of order that discriminates against homeschoolers and carves out kids with disabilities. I would ask my friends on the Democratic side of the aisle--there are going to be issues we disagree on, but the vote to allow parents of children with disabilities to spend their own funds in a tax-advantaged fund to provide for educational therapy for those kids with disabilities--that ought to be 100 to nothing. All of us should agree on that. We might disagree on other things, fine. The death tax, or as Democrats like to call it, the estate tax--we can disagree on that. But educating kids with disabilities--you are really standing up raising that objection? I would ask my friends on the Democratic side of the aisle: Don't do that. Don't discriminate against the homeschoolers. I yield the floor. The PRESIDING OFFICER. The Senator from Wyoming. Mr. ENZI. Mr. President, I yield back all remaining time for the majority. The PRESIDING OFFICER. The Republican time is yielded back. The Senator from Oregon. Mr. WYDEN. Mr. President, the issue with the Cruz amendment is straightforward. The Byrd rule states that the primary purpose of a budget bill is to address spending and taxes. If, on the other hand, you are debating a major policy change and the budget impact is merely incidental, the provision just doesn't comply with the Byrd rule. That is the case here. The Cruz amendment has a modest budget impact, but the impact is vastly outweighed by the profound impact, as a matter of social and education policy, of providing Federal support for homeschooling for the first time. In fact, last week, the Senator from Texas called his section 529 homeschooling provision ``the most far-reaching Federal school choice legislation bill ever passed.'' I agree with the Senator's assessment of his amendment. The issue of Federal support for homeschooling is, in fact, major policy. There is no question that there are parents who want to homeschool their kids. I am certain that many of them are very conscientious. Yet this is the first time the Federal Government would provide Federal support for homeschooling. That is why the Parliamentarian ruled against Senator Cruz. I urge my colleagues to vote against the Enzi motion to waive the Byrd rule point of order, which we will vote on shortly. I also want to close for the Finance Democrats on this tax issue with some brief remarks. My colleague from Texas once again has been saying, as many Republicans have done tonight: Middle-class folks, wait until February. Your paychecks are going to be bulging. Here are the facts. We just got them from the Joint Committee on Taxation--a specific table that shows that 60 million taxpayers with an annual income of $200,000 or less will get $100 a year in tax relief or a tax increase. That looks to me like a third of all taxpayers are not exactly going to have bulging paychecks the way we have heard from our colleagues on the other side of the aisle. The fact is that some of the rhetoric we have heard from Republican colleagues tonight didn't sound half bad, so it is a real shame that the rhetoric doesn't resemble the ***plan*** on paper. As I indicated, this bill is not centered on a middle-class tax cut. The [[Page S8140]] fleeting sugar high the bill provides offers some middle-class families a modest amount of help, but it is basically a distraction from the giveaways to the multinational corporations and powerful donors. One of our Republican colleagues tonight repeated that if passed, the deficit is going to drop when the bill is enacted. I just have to say that fantasy is over. Even independent conservatives are saying that there is no third alternate reality in which Republican tax bills perform magic. I want to close tonight by saying to the public that I would really like to wrap this up with a warning: The American people should know that the far-right architects of this tax ***plan*** are going to be coming for your Social Security and Medicare before you take your Christmas tree down. That is the end game. That is what Americans need to know is coming next. And on this side of the aisle, we want the American people to know that we are going to be on their side. Mr. President, I yield the floor. The PRESIDING OFFICER. The Democratic leader. Mr. SCHUMER. Mr. President, I want to thank my colleague Ron Wyden for the excellent job he has done in leading the opposition to this bill. I am incredulous that someone on the other side of the aisle said that this will decrease the deficit. That is just amazing. The lack of factual fidelity for what is in the bill and what the other side is saying is unparalleled--unparalleled. I want to thank Senator Wyden for his valiant efforts in pointing that out. I want to thank Senator Sanders and Senator Cantwell as well, the ranking members of our committees, who worked so hard on this bill. In closing, very soon the Senate will vote for the final time on the Republican tax bill. When future generations look back at the short and messy history of the Republican tax bill, its most enduring lesson will be what it has taught us about how not to legislate. After only a few months of frantic, backroom negotiations by only one party, we are left with a product as sloppy and as partisan as the process used to draft it. Even today, three provisions of the bill were found to violate Senate rules. So now, all of a sudden, the House will have to vote again tomorrow. That is a perfect microcosm of the hasty and reckless process--can we have order? The PRESIDING OFFICER. The Senate will be in order. Mr. SCHUMER. It is a perfect microcosm of the hasty and reckless process that ***produced*** this legislation. If my Republican friends think these are the only mistakes that will be found in their bill, they are sorely mistaken. Many more will almost certainly be unearthed. But the bigger issue is the failure of this legislation to live up to each and every one of the promises made by Republicans about what it would mean for our country. What has been sold as a middle-class miracle will instead deliver a hefty windfall to the wealthy and only paltry, temporary relief for some in the middle class. Others will see an increase right from the get-go. So all of the talk--no middle-class person will pay a tax increase--gone, gone. And in a few years, a majority of the middle class will see their taxes go up. What kind of middle-class relief is that? What has been sold as a deficit reducer will instead balloon the deficit by at least $1.5 trillion, maybe more. Our children and grandchildren will be asked to clean up the mess made tonight by our Republican colleagues in their eagerness to give the very wealthy, the very powerful corporations, a big tax break. What has been sold as a bill to give people more freedom to choose their healthcare will instead raise premiums and reduce the number of Americans with health insurance by 13 million. The number of people who get a small tax cut and still have to pay more than that tax cut in premium increases is large. What a huge mistake my colleagues made by eliminating that provision in the healthcare bill, because the middle class is going to pay the price. What has been sold as a job creator and wage-booster will do little of either, as companies--large, big, powerful companies--are already initiating stock buybacks instead of hiring more workers and raising wages. Is that what you intended? Give them more money so they can buy back more stock, increasing the wealth of corporate CEOs, increasing the wealth of the very wealthy, sending billions of dollars overseas to overseas investors. That is what is happening already. Corporation after corporation has said: Aha, with this new money, we will do even more stock buybacks. Ultimately, the American people will learn that Republicans have squandered their so-called ``once-in-a-generation opportunity'' on corporate welfare and taxes for the rich, financed by tax increases and healthcare increases on the middle class. The Joint Committee on Taxation just released a report that found that by 2027, nearly 145 million middle-class families earning under $200,000 will either get tax hikes--can we have order, Mr. President? The PRESIDING OFFICER. The Senate will be in order. Mr. SCHUMER. This is serious stuff. We believe you are messing up America. You can pay attention for a couple of minutes. Nearly 145 million middle-class families earning under $200,000 will get either tax hikes or a tax cut of less than $100. Eighty-three percent of the middle class will either pay more in taxes or get little but crumbs. Is that what you intended? Is that this great bill that is helping the middle class? Absolutely not. Meanwhile, according to the Tax Policy Center, the top 1 percent of earners in our country will reap 83 percent of the benefits of the tax ***plan***. The top 5 percent--the top 5 percent--will reap 99.2 percent of the benefits. Is that what you intended? That is what you are doing. The very, very wealthy--the highest spectrum--get almost all the benefits. Some bill for the middle class. The raw numbers are a staggering indictment of the Republican tax ***plan***, as they have been throughout the course of this debate. The data reveals what the Republican tax ***plan*** truly is--a tax scam that will rob middle-class families to pay for corporate tax breaks and giveaways to the wealthy. In an age of extraordinary income inequality, when the upper echelons of our economy are capturing an ever-greater share of the pie, the Republican tax bill is like pouring gasoline on a raging fire, making income inequality, as bad as it is now, even worse. It will exacerbate all the bad trends in our economy that over the past few decades have ***produced*** dramatically more wealth for the already wealthy, while ***producing*** less work and less pay for working people. That fundamental imbalance in our economy will be made even more precarious. What a disgrace. That is what this bill is. It is an absolute disgrace. It is not just an ideological difference; it is something dramatically opposite of what America needs. There is no reason for a single middle-class family to pay more while every single corporation pays less. If you want to help the middle class, give them a real tax break. The rich get far more dollars back than the middle class. That is fact--an irrefutable fact. On top of that, as Senator Wyden warned everybody a few minutes ago, this tax bill will endanger Social Security and Medicare. Republicans have already said, led by Speaker Ryan, that they will use the deficit they are about to create as an excuse to come after those earned benefits. The AARP is very reluctant to take stands on bills like this, but it was so bad for the elderly, the AARP felt compelled to publicly oppose it. Elderly Americans are not the only ones who should be worried, although they certainly should be. If you are 40, 45, or 50, working hard, trying to put money away for retirement while sending your kids to college, and you are counting on these ***programs*** to be there when you retire, know this: Cuts to Social Security, Medicare, and Medicaid are likely to fall on your shoulders because of this monstrosity of a bill. The Republican tax bill is the first shoe to drop. The second will fall on the social safety net that allows millions of hard-working Americans to retire with dignity and security. For all of these reasons, it is not a surprise that in poll after poll after poll, the American people overwhelmingly oppose this bill. My Republican colleagues have done what is nearly impossible. It is a bad trick, but they have accomplished it. [[Page S8141]] They have managed to make a tax cut bill even less popular than previous tax hikes. Who would have thought they could accomplish that? Who would have thought? In fact, it is the second-least popular piece of major legislation in 30 years, opposed 2 to 1 by the American people, and the more they learn about the bill, the less they like it. By the way, what was the first? The Republican healthcare bill earlier this year. It is not hard to understand why the dark heart of the Republican policy agenda easing burdens on those who already have so much, while punishing or ignoring those who have too little, is a profoundly unpopular idea. My Republican friends ought to listen to the American people, the fount of wisdom in our democracy, or there will be a reckoning. The American people do not believe in trickle-down, as all of you seem to. Give the very top money, and they will create jobs. It hasn't happened. AT&T--do you know what their tax rate was over the last 10 years? Eight percent. Do you know how many jobs they created? Zero. They cut 80,000 people. Let's give them more money while hurting the middle class. It makes no sense. The American people are saying in a loud, clear voice that they oppose tax breaks for corporations and the wealthy. They don't believe in trickle-down, as you do. They oppose gutting healthcare, as you want to do, and they oppose this one-party approach to legislating. The American people know that a slapdash partisan process will not result in good law. My Republican colleagues ignore the warnings of the American people at their own peril. In just a short time, Republicans will have a choice whether or not to affix their name to this awful legislation. Although the Republican propagandists may call its passage a political victory, it will be very fleeting and illusory. The substance and polling are so rotten that a year from now, Republicans will be running away from this bill in shame for voting yes this evening. There is an alternative: Vote no. Come to the table with Democrats. Begin serious, bipartisan talks on tax reform. Get a good bill, and work in the way this Chamber is supposed to work: bipartisan, moderate, thoughtful, open. You have done none of those--none of those. I have little faith that, at this late hour, my colleagues will choose the better course, but if they do, we could do something great for the country and for this body at the same time. We could return to regular order, where the legitimate policy differences between our parties are argued in broad daylight, and with painstaking effort, we compromise even after we fiercely debate one another. Isn't that what we came here to do? I challenge a single one of my Republican colleagues to say they are proud of the way this tax bill was written and passed. I challenge a single one. I know this isn't what they would like to see. I know this isn't what so many of you came here to do. I know it is not what you tell your constituents the Senate ought to be. I know so many of you lament the steady erosion of bipartisanship here in the Senate, as do I, as do my fellow Democrats. So rather than resign to the failures of the current moment, I plead--plead--with my Republican colleagues to imagine a better path forward. Vote no. Vote no and prevent taxes from going up on millions of middle-class families. Vote no and stop 13 million Americans from going without health insurance. Vote no, so we don't add $1.5 trillion to the deficit, putting the burden on our children and grandchildren. Vote no and say that you want to have the kind of bipartisan debate befitting the grand traditions of this United States Senate. Vote no. Otherwise, I believe the entire Republican Party and each of you will come to rue this day. I yield the floor. I yield back all time. Vote on Motion to Waive The PRESIDING OFFICER (Mrs. Capito). The question is on agreeing to the motion to waive the points of order. The yeas and nays have been previously ordered. The clerk will call the roll. The legislative clerk called the roll. Mr. CORNYN. The following Senator is necessarily absent: the Senator from Arizona (Mr. McCain). The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote? The yeas and nays resulted--yeas 51, nays 48, as follows: [Rollcall Vote No. 322 Leg.] YEAS--51 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Collins Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young NAYS--48 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NOT VOTING--1 McCain The PRESIDING OFFICER. On this vote, the yeas are 51, the nays are 48. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The points of order are sustained. The material will be stricken from the conference report. The VICE PRESIDENT. The question before the Senate is whether the Senate shall recede from its amendment to H.R 1 and concur therein with a further amendment. Mr. McCONNELL. Mr. President, I ask for the yeas and nays. The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second. The clerk will call the roll. The senior assistant legislative clerk called the roll. Mr. CORNYN. The following Senator is necessarily absent: the Senator from Arizona (Mr. McCain). Further, if present and voting, the Senator from Arizona (Mr. McCain) would have voted ``yea.'' (Disturbance in the Visitors' Galleries.) The VICE PRESIDENT. The Sergeant at Arms will restore order in the Gallery. (Disturbance in the Visitors' Galleries.) The VICE PRESIDENT. The Sergeant at Arms will restore order in the Gallery. (Disturbance in the Visitors' Galleries.) The VICE PRESIDENT. The Sergeant at Arms will restore order in the Gallery. (Disturbance in the Visitors' Galleries.) The VICE PRESIDENT. The Sergeant at Arms will restore order in the Gallery. (Disturbance in the Visitors' Galleries.) The VICE PRESIDENT. The Sergeant at Arms will restore order in the Gallery. (Disturbance in the Visitors' Galleries.) The VICE PRESIDENT. The Sergeant at Arms will restore order in the Gallery. (Disturbance in the Visitors' Galleries.) The VICE PRESIDENT. The Sergeant at Arms will restore order in the Gallery. (Disturbance in the Visitors' Galleries.) The VICE PRESIDENT. The Sergeant at Arms will restore order in the Gallery. The result was announced--yeas 51, nays 48, as follows: [Rollcall Vote No. 323 Leg.] YEAS--51 Alexander Barrasso Blunt Boozman Burr Capito Cassidy Cochran Collins [[Page S8142]] Corker Cornyn Cotton Crapo Cruz Daines Enzi Ernst Fischer Flake Gardner Graham Grassley Hatch Heller Hoeven Inhofe Isakson Johnson Kennedy Lankford Lee McConnell Moran Murkowski Paul Perdue Portman Risch Roberts Rounds Rubio Sasse Scott Shelby Strange Sullivan Thune Tillis Toomey Wicker Young NAYS--48 Baldwin Bennet Blumenthal Booker Brown Cantwell Cardin Carper Casey Coons Cortez Masto Donnelly Duckworth Durbin Feinstein Franken Gillibrand Harris Hassan Heinrich Heitkamp Hirono Kaine King Klobuchar Leahy Manchin Markey McCaskill Menendez Merkley Murphy Murray Nelson Peters Reed Sanders Schatz Schumer Shaheen Stabenow Tester Udall Van Hollen Warner Warren Whitehouse Wyden NOT VOTING--1 McCain The VICE PRESIDENT. On this vote, the yeas are 51, the nays are 48. The Senate recedes from its amendment and concurs in H.R 1 with a further amendment. The Tax Cuts and Jobs Act is passed. (Applause, Senators rising.) The PRESIDING OFFICER (Mrs. Capito). The Senator from Wyoming.

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Mideast Mirror

April 27, 2018 Friday

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**Section:** ISRAEL

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**Body**

The lead story in Israeli media today is the flood disaster in the South. Israel Hayom, Yedioth Ahronoth, Haaretz, Maariv, Walla!, and Ynet all report that the death toll from flash floods thathit a group of teenage hikers in Southern Israel Thursdayrose from nine to 10 after a body found overnight was identified as the last missing teen. The ten victims, nine girls and one boy of around 18 years old, were killed when they were swept away by flash floods during a hike at Nahal Tsafit, South of the Dead Sea. The trip was partof a pre-army ***program***.

Meanwhile, overnight Friday, an overturned truck was found near Ein Tamar with no driver in it. A body was found nearby, but officials said it was not the truck driver. Due to the fact that the area has seen flooding, possibly dislodging landmines following heavy rain, searches for the driver are proceeding carefully after a short lull. Police have also begun making arrests in their investigation into the death of the young Israelis and have spoken to members of the staff of the ***program*** which took them on the trip. After they were questioned, two were arrested and a third was released to house arrest. The search and rescue attempts were given saturation coverage on all Israeli TV broadcast channels, with live continuous coverage.

Israeli media is also reporting that Defense Secretary Jim Mattis on Thursday stressed the value of some aspects of theIran nuclear agreement, even as President Trump considers pulling out of the 2015 deal, which he has attacked repeatedly and called "insane" this week. Without clearly giving his opinion about whether the United States should stick with the agreement, Mattis said that after reading the full text of the deal three times, he was struck by provisions that allow for international verification ofIran's compliance. He said that since becoming defense secretary in January 2017, he also has read what he called a classified protocol in the agreement. "I will say it is written almost with an assumption thatIranwould try to cheat," he said in testimony before the Senate Armed Services Committee. "So the verification, what is in there, is actually pretty robust as far as our intrusive ability to get in" with representatives of the International Atomic Energy Agency to check compliance.

Regarding the tensions between Israel and Iran, Mattis asserted that direct conflict between Israeli and Iranian forces is increasingly likely in Syria as Tehran pursues a permanent military presence. Addressing a congressional panel before hosting his Israeli counterpart, Avigdor Lieberman, at the Pentagon, Mattis said it was "very likely" from his perspective, "because Iran continues with its proxy work there through Hezbollah."

Haaretz's military analyst Amos Harel says that about two and a half weeks afterthe bombingin which seven members of Iran'sRevolutionary Guardswere killed at the T4 base in Syria; Israel is apparently still waiting for the other shoe to drop. The Iranians' response, despite their frequentthreats of revenge, is being postponed. It is also possible that as time passes, Tehran becomes more aware of the possible complex consequences of any action. Still, the working assumption of Israeli defense officials remains that such a response is highly probable.

Receiving Lieberman, The Jerusalem Post reports, Mattis told reporters that he saw no reason for Iran to ship advanced missiles to Hezbollah through Syria except to threaten Israel. "I can see how it might start, but I am not sure when or where," the secretary told lawmakers. Mattis then echoed Lieberman's warning from earlier in the day, issued through a Saudi newspaper, in which he said Israeli forces would strike Tehran if Iranian missiles ever hit Tel Aviv. The two met at the Pentagon after Lieberman metwith U.S. President Donald Trump's national security advisor John Bolton, his special representative for international negotiations Jason Greenblatt, and his son-in-law and senior adviser Jared Kushner at the White House. Iran was the focus of conversation according to a statement issued by Israel's embassy in Washington.

Ynet reports that Lieberman denied that Israel was behind the killing of a Hamas-affiliated scientist who wasgunned downlast week in Malaysia. He told the Arabic news site Elaph that "we did not assassinate him." When asked in the who killed Palestinian engineer Fadi al-Batsh, the minister retorted: "Ask James Bond; maybe James Bond killed him like in the movies." Al-Batshis to be buried Friday at a ceremony led by Isma'il Haniyeh, Hamas' top leader. Defense Minister Avigdor Lieberman refused to approve the transfer of the engineer's body to Gaza via the Erez border crossing on Thursday. Palestinian Authority Chairman Mahmoud 'Abbas and Egyptian President Sissi intervened to approve the transfer of the body through the Rafah crossing.

The IDF is preparing for violent demonstrations on the border despite harsh weather conditions. After the funeral and the end of services in the mosques, thousands are expected to make their way to the Israeli border, where they will stay in tents and from there try to reach the fence like every Friday. The defense establishment does not rule out the possibility that against the backdrop of the assassination of the Palestinian engineer, militant cells will attempt to carry out a revenge attack under the cover of the demonstrations.

In other developments, security forces arrested two West Bank Palestinians who tried to enter Israel with a pipe bomb Thursday night. A statement from police said the "suspicious" vehicle carrying the Palestinians was stopped at the Ein Yael checkpoint in Southern Jerusalem. A search of the vehicle yielded the homemade explosive device, a knife, and tens of thousands of shekels in cash and checks.

The Times of Israel reports that Israel's ambassador to the United Nations on Thursday presented an aerial photograph of an alleged Iranian base outside Damascus that he said Tehran was using to bring in and train tens of thousands of fighters for the militias it backs in Syria. "There are over 80,000 extremists from all over the Middle East who are members of Shia militias in Syria under Iranian control," Danny Danon told the UN Security Council. The satellite image showed what appeared to be a military installation in the mountains Northwest of Syria's capital. The base serves as "Iran's central induction and recruitment center in Syria," Danon said. The ambassador did not provide evidence to support the claim. "It is at this base, just over five miles from Damascus, where these dangerous extremists are trained and then assigned their missions of terror throughout Syria and the region," he said.

Meanwhile, newly sworn in U.S. Secretary of State Mike Pompeo will head from this week's NATO meeting in Brussels directly on to high-level talks in Israel, Saudi Arabia, and Jordan, his spokeswoman said Thursday. Speaking on the tarmac of Joint Base Andrews in front of the secretary's government jet as he arrived from his Supreme Court swearing in, Heather Nauert said the stops were chosen to reflect their "importance as key allies and partners in the region."

Finally, The Jerusalem Post reports that Construction Minister Yoav Gallant has instructed the top officials in his ministry to begin ***planning*** and approving a new quarter for embassies from countries around the world that will be built in Jerusalem, he revealed on Thursday in an interview from New York, where he will be speaking at Sunday'sJerusalem Post Conference.

MESSAGE FROM MALAYSIA: Yoav Limor in Israel Hayom asserts that Israel is a staunch advocate of liquidations, as a policy; the campaign against terrorists has never been confined, but has operated in distant arenas. This is true of Hamas members in Malaysia and also of Iranians in Syria.

"It was only natural that the finger pointing to the assassination of Hamas member Fadi al-Batsh would be directed at Israel. The Gazan engineer from Jabalya, it turned out, was not only engaged in religious studies and preaching, as was claimed, but in the research and development of advanced weapons for Hamas; especially unmanned aerial vehicles.

Israel has never concealed its policy regarding the development of advanced weapons by terrorist organizations, and on targeting its enemies. The campaign against terror has never been confined to the territory. Although Israel has often assassinated terror operatives and experts in the Gaza Strip, damaged production infrastructures and even weapons systems, it has also acted in distant parts to disrupt the arrival of weapons into Gaza and to harm those involved in their production and transport.

There are many examples. Some of them are visible - the seizure of ships carrying missiles and other weapons. Some of them unknown - foreign sources have linked Israel to a variety of actions against installations and individuals. The most prominent examples in recent years were the assassination of Mahmoud al-Mabhouh, a senior Hamas figure who ran weapons smuggling operations into the Gaza Strip and was assassinated in Dubai in 2010, and Muhammad a-Zawari, who dealt with the development of unmanned aerial vehicles and was assassinated a year and a half ago in Tunisia. There, probably, are more that have not been publicized. The injured party does not always have an interest in admitting that it has been breached and has not succeeded in defending its people; the offending party does not always have an interest in exposing its activity and risking revenge. This is unlikely to happen now: Hamas is too weakened and deterred to respond and has better grounds to fight Israel than the liquidation of one of its men.

The main danger in such liquidations is to those who carry them out. Malaysia has advantages and disadvantages in terms of its location: On the one hand, a relatively hostile distant Muslim country with a complex extraction envelope; on the other hand, a country with weak security services, a proliferation of foreigners that allow for easy assimilation, and in particular - many options for land and air flight.

The lessons of the past, especially from the failed assassination attempt of Khaled Mish'aal in Jordan, place particular importance on the location of the assassination: Al-Batsh was supposed to go to a conference in Turkey and later to London. It can be assumed that whoever liquidated him decided to avoid an open confrontation with Erdogan, and certainly with Britain, which is particularly sensitive to the issue because of the attack on former Russian spies on its territory.

Malaysia is a relatively convenient target for action. The liquidation part is the least complex in the operation; the envelope around it is much more complex. Collecting intelligence about the target often takes years - his habits, his place of residence and his work, and later choosing the location of the attack in order to reduce the damage to surroundings and minimize the risk to the perpetrators, and then to prepare the envelope - especially how to enter and exit the country.

There is no intelligence organization that does not deal with these headaches before operations. It is likely that Israeli concerns are much greater: No spy or murderer travels around the world with his true identity, but the Americans, the British and the Russians can issue their people authentic passports under other names; Israel relies on foreign passports, and hence - on borrowed identities. This has always been the case, but new technology is ***producing*** quite a few headaches. The publication of pictures of members of the squad that liquidated al-Mabhouh in Dubai, as they were caught on security cameras around the emirate, made it clear that something had changed. The firing of the gun is important, but far from being essential to ensure the security of the perpetrators and prevent Israel from being politically embarrassed. The images published by the Kuala Lumpur police will not expose any of the perpetrators, and contrary to the Malaysian working theory, they left the country shortly after the assassination.

Israel is a staunch advocate of assassinations, as a policy. There is no prime minister who skips over the worn-out pledge that 'we will pursue our enemies everywhere and at any time.' There are periods when operations were frequent, and there are dry periods. This is mainly due to the nature of the prime ministers and heads of Mossad who serve under them, and the results of past operations Successes increase the appetite and facilitate the approval of additional operations, failures lead to inaction and a halt in activity. After the Mish'aal and Mabhouh affairs, Mossad had periods of dryness with regard to the activities of its 'bayonet' assassination unit. On the other hand, the assassination of 'Imad Mughniyeh led to an operational boom, during which Israel was associated with a variety of actions, including the assassination of several prominent nuclear scientists in Iran. And yet, these are limited, individualized operations, and receive extra scrutiny against the background of their exceptional entanglement potential, which is likely to cost the lives of the perpetrators and cause difficult political damage to Israel.

It seems that Israel now feels relatively free to act, certainly against Hamas. Assassinations have a triple effect: They remove dangerous elements (manufacturers and terror operatives) from the game. They deter the enemy, who understands it has been infiltrated and attacked, and therefore it is required to invest more in defense. And they signal to other parties that Israel is determined to insist on its security and not hesitate to remove those who threaten it. The first two elements are relevant to Hamas. Not only the loss of an arms expert who is likely one of only a handful, but the realization that it is transparent to Israel, in Gaza and the rest of the world. This will not cause Hamas to deviate from its policy - the organization will continue to look for ways to develop weapons that will threaten Israel, and experts to help it - but the loss of such a central person requires stopping, learning and changing methods of action.

The third element concerns mainly Iran, with which Israel is now openly engaged. The message that emerges from the assassination in Malaysia is that Israel will act against those who endanger it. This is true of Hamas members in Malaysia, as well as of Iranians in Syria. These are two completely different cases - Iran is not Hamas, and the struggle against it is much more complicated and dangerous. But in the Middle East, threats can prevent the need to take action. You have to be an avowed optimist to believe that this is what will stop Iran, and still - the message from Malaysia is likely to resonate in Tehran."

THE EGYPTIAN INTEREST: Yoni Ben-Menachem in News1 explains that Egypt wants to maintain good relations with Hamas, in order to prevent a conflagration in the Strip that will harm Egyptian national security.

"Egypt ignored Israel's request not to allow the transfer of the body of Hamas engineer Fadi al-Batsh, who was killed in Malaysia, to the Gaza Strip through the Rafah crossing in order to allow for his burial in Jabalya. It was possible to predict in advance that Egypt would refuse the Israeli request, since the Egyptian regime is interested in continuing its good relations with Hamas, and in Egypt's view, transferring the body to Gaza is a humanitarian issue that does not endanger Egypt's national security and enables it to gain favor in its relations with Hamas. The assassination of al-Batsh provoked many feelings of anger in the Arab world and in Islamic countries. Egypt did not want to be seen as giving a hand to Mossad, which is accused of the killing. As far as the Egyptians are concerned, bringing the body of Fadi al-Batsh to Gaza for burial is not a security risk for Israel. Rather, Israel is attempting to put pressure on Hamas through Egypt, and hence nothing will happen if Israel is forced to bite the bullet this time.

Egypt's relations with Hamas are at a very sensitive stage in light of the Hamas-led 'return' campaign, which is expected to reach its peak on May 15. The Egyptians do not want to anger the Hamas leadership, which refused the Egyptian proposal to stop the campaign. Egypt wants the campaign to end without being directed at Egypt itself, as was the case in 2008 when tens of thousands of residents of Gaza breached the border fence with Egypt with the help of Hamas activists, and poured into Northern Sinai to equip themselves with basic goods such as food and fuel.

The senior Hamas leadership headed by Ismail Haniyeh rejected an Egyptian request for talks in Cairo with Egyptian Intelligence Chief General 'Abbas Kamel on ending the 'return' campaign in exchange for significant Israeli concessions on the blockade and the promotion of a new prisoner exchange deal. According to Hamas sources, Haniyeh views the 'return' campaign as a great success, which should be exploited to the fullest and allowed to reach its peak on Nakba Day on May 15. So he preferred not to go to Cairo and to avoid direct confrontation on the subject with Egyptian intelligence chiefs. Instead, he sent a delegation on April 17, headed by his deputy, Salah al-'Arouri. At the same time, a Fatah delegation headed by Mahmoud al-Aloul, deputy chairman of Fatah, arrived in Egypt.

The immediate task before Egypt is to prevent the worsening of the severe humanitarian crisis in the Gaza Strip in light of the threats by Palestinian Authority Chairman Mahmoud 'Abbas to escalate punitive measures against the Strip. 'Abbas is waiting for the end of the 'return' campaign and Ramadan fasting to increase pressure on the Hamas leadership in the Gaza Strip to comply with his demands. The Al-Arabi Al-Jadeed newspaper reported on April 25 that Saudi Arabia had given a 'green light' to Mahmoud 'Abbas to impose additional sanctions on Gaza because they were directed against the Hamas leadership and not the residents of Gaza.

Hamas relations with Palestinian Authority Chairman Mahmoud 'Abbas have become even more complicated in light of his intention to convene the PNC on the 30th of the month in Ramallah without the participation of Hamas, Islamic Jihad and the PFLP, in discussions, contrary to previous agreements.

Egypt sees the continuation of the reconciliation process between Fatah and Hamas as an important ***strategic*** task, despite the many difficulties in implementing the Egyptian-brokered agreement signed in Cairo on October 12, 2017. Egypt does not want to lose its traditional role as the leader of the reconciliation process. Egyptian intelligence succeeded in severing the cooperation that existed between Hamas and ISIS in Sinai and the Muslim Brotherhood in Egypt, with regard to acts of terror against the Egyptian regime, and has brought the new Hamas leadership headed by Isma'il Haniyeh and Yahya Sinwar closer to it. They do not want to lose this achievement. They believe that the conditions for achieving reconciliation between Fatah and Hamas have ripened and will succeed in allowing a single Palestinian position to be presented to President Trump, rejecting the 'deal of the century' in its present form and promoting the idea of establishing a Palestinian state along the 1967 borders.

At the same time, Egypt is trying to promote a new prisoner exchange deal between Israel and Hamas, which includes an article stipulating a significant easing of the Israeli siege on Gaza. Egypt is working to calm the tension on the Gaza border with Israel and ease the siege, both of which serve its security interests and contribute to maintaining stability in Egypt itself. That is why it must maintain good relations with Hamas and an open channel of dialogue with it."

INFLUENCING TRUMP BEHIND THE SCENES: Brigadier General (Res.) Eli Ben-Meir in Maariv, argues Israel has many steps it can take against Iran even if the nuclear agreement is not rescinded.

"The winds of war/escalation with Iran have been blowing in recent weeks. The recent events in Syria are again exposing the shadow war between Israel and Iran, and it is believed that Iran's military response to the air force attacks in Syria is more than likely. As a result, the threat index on both sides rises.

In the background, Prime Minister Binyamin Netanyahu recently renewed his efforts to cancel the nuclear agreement with Iran. The issue is being raised in all of his political meetings, including those with U.S. President Donald Trump and the many foreign ministers visiting Israel. There is no doubt that the Israeli political echelon feels this is a good time to try to cancel the agreement or at least improve it, and get back at President Obama, who signed it despite Israeli objections.

In Washington, a heated debate has been going on over the recent period, ahead of the date of renewing the agreement in a few weeks. The European Community is putting pressure on Trump not to cancel it, as are China and Russia. The issue was indeed on the agenda at previous times when the President was required to sign the extension of the agreement - and finally he did so without reservations - but this time something more significant is happening beneath the surface. The appointments of Mike Pompeo to secretary of state and John Bolton as new national security adviser, both affiliated with the militant line against Iran, attests to this. In addition, discussions are developing between the U.S. and North Korea over the North Korean nuclear issue, centered on a secret meeting of the CIA chief with Kim Jong-un, and a possible summit between Kim and Trump in coming days. Trump wants to arrive at talks in Pyongyang with evidence of his determination in this area.

There is no doubt that the nuclear agreement with Iran, signed more than two years ago, is not optimal for Israel (and the world). It has loopholes and failures, and a better agreement could have been reached. The following are the main problematic items:

\* The agreement does not include restrictions on Iranian ground-to-ground missiles, which constitute a central platform for carrying nuclear weapons. Tehran is taking advantage of this and has stepped up its efforts to develop a variety of longer-range ground-based missiles while improving their accuracy, carrying capabilities and ability to evade interceptors.

\* The agreement does not relate to Iran's activity and involvement in terrorism and its expansion in the region. Needless to say, Iran is extremely active in this area, not only in the region around Israel (Syria, the Golan Heights, Lebanon, Sinai, and Gaza) but also in problematic regions for the Sunni world (Iraq, Syria, Syria/Jordan border, Saudi Arabia, and the Emirates) and the international community (Yemen and the Bab al-Mandab straits).

\* The agreement is time-limited and gradual in its restrictions, so that immediately after its expiration (significant restrictions will be lifted in another seven years), Iran will have all the know-how required to become, in a very short time, a nuclear threshold state and even a nuclear state.

\* The agreement is in fact the first 'de facto' international recognition of Iran's right to maintain a broad civilian nuclear ***program***.

However, the agreement also has positive sides. For example, for the first time, Iran officially agreed to halt its military nuclear activities. Assuming that Tehran is not violating the agreement - and this is the assessment at this stage - uranium enrichment activities have been halted for at least a few years, and so has the production of advanced centrifuges and other activities in the military nuclear field.

The question is what is right for the United States to do, how Israel should be involved, and what the implications of this act will be. This question is reinforced by the increased friction with Iran over activities in Syria and following a number of attacks attributed to Israel, in which Iranian officers and infrastructures in Syria were harmed and the likelihood that Iran will retaliate.

As far as the agreement is concerned, the range of options facing the U.S. ranges from its total cancellation to an attempt to introduce new and/or updated parts and/ or new sanctions, up to renewal in its current form. Alongside the problem of canceling an official political agreement signed between the international community and Iran, the Europeans make it abundantly clear that they are not interested in canceling the agreement and that the current situation is good for them. The cancellation of the agreement will also significantly increase tensions between the U.S. and Russia, whose interests on the issue are closer to those of Iran than the U.S. and Israel.

From Trump's limited response to Syria's use of chemical weapons against civilians, it seems that he wants to change the nuclear agreement and to signal to the Iranians and the world that he is determined to carry out his threats. On the other hand, he does not want to go 'all the way', and it is not unlikely that he will act in a limited and focused manner. Another reason for changing/cancelling the agreement is to restore the confidence of Arab Sunni states in the U.S. After abandoning them in recent years and having significantly reduced his involvement in Syria, the action against Iran remains the mutual point of interest between the two sides. Trump understands that if he does not show a practical commitment to the Sunni countries, acts against Iran, and changes at least part of the agreement, they will get the message and rush to the new landlord in the Middle East - Putin.

As far as Israel is concerned, it will be right to continue to act in an attempt to influence the decisions of the American administration and to assist it with suggestions about content that is worthy of change in the agreement. But it is desirable that the activity be covert and behind the scenes, and not out in the open. It is also appropriate to use the American and international discourse to reduce the expansion of Iranian influence in the region, while reducing Tehran's involvement in terrorism. Finally, we must take advantage of our mutual interests with the Sunni states on the nuclear issue, to strengthen both open and covert cooperation with them and to create a common front against the Iranian threat."

NETANYAHU WILL GO ALL THE WAY AGAINST IRAN: Ben Caspit in Maariv, asserts Netanyahu, who in the past was seen as careful and even hesitant; all threats and no action, is even willing to risk confrontation with Russia this time.

"Anyone who has heard Binyamin Netanyahu in recent days is astonished. The prudent, responsible leader, who dislikes adventures and is averse to risks, sounds different. He is determined to remove the Iranian threat from the North. He will not allow Iran to establish itself in Syria; and the cost be damned. Even if this is the last thing he does, he will uproot the Iranian grip, he will not hesitate to go all the way in order to make it clear that this is it, this is as far it goes, here is the red line, and Israel is willing to sacrifice everything to make a stand for it.

The question of price is not relevant to Bibi. He has decided. He is determined. There will be no Iranian bases, no militias, no airports or ports, and most importantly, the precision project, which threatens to make Hezbollah's rockets and missiles accurate, will not be established. Putin, as far as Netanyahu is concerned, can do what he wants. Israel is not deterred by Russia. The Russians have a lot to lose in Syria. For example, Assad. Trump will back him up and Bibi, the new Gulliver rising before our eyes will mobilize for this purpose all that is necessary and especially the strength of the soul. Putin, he says, will not dare confront us at the moment of truth. And if he does? What will we do then? When the time comes, we will probably know what to do. Or not."

MACRON TRIES TO SAVE TRUMP AND NETANYAHU: Chemi Shalev in Haaretz, argues that unlike Bibi's infamous 2015 speech to Congress on the Iran deal, the French president eviscerated the president's policies while keeping him happy.

"In two weeks, on May 12 or possibly earlier, the earth will shake. There is a slim to nonexistent chance that U.S. PresidentDonald Trumpwill decide at the last minute to extend the Iran nuclear deal, in which case the aftershocks will be relatively minimal. Prime MinisterNetanyahumight be flummoxed and Trump could get into political hot water, but chances to organize an international coalition against the Iranian expansion into Syria might improve. On the other hand, if Trump decides to decertify the Joint Comprehensive ***Plan*** of Action and to impose again suspended sanctions -- as Netanyahu,French President Macronand others have predicted -- the geostrategic arena could convulse. The foundations of the already destabilized Middle East will wobble, and could eventually collapse.

Most of the world supports the nuclear deal signed on July 15, 2015, including top security officials in Israel and the United States. Despite its flaws, they see the JCPOA as preferable to all possible alternatives. Supporters of U.S. withdrawal from the deal, on the other hand, include American hawks, Iran's Sunni enemies led by Saudi Arabia and Netanyahu, who claim that the nuclear deal is so bad that its termination is worth any price. In their view, the fatal flaw of the agreement is not in its details but in the very fact that it was concluded with the Ayatollah regime in Tehran, which must be removed.

Tehran will hold the key to the magnitude of the upheaval on the Middle East Richter scale. It could decide to stick to the deal, despite Trump's move, in order to drive a wedge between Washington and the five other signatories to the deal, including its allies in Berlin, Paris and London, and to cast itself internationally as an innocent victim of perfidious America. If, on the other hand, Tehran chooses to claim that Trump's withdrawal releases it from its commitments under the JCPOA and enables it to resume its nuclear ***program***, the stage could be set, as Trump implicitly threatened this week, for a U.S. military strike and for the chain reaction that could lead to regional conflagration.

All of the above scenarios could cost Trump dearly. Military action against Iran could entail retaliation against U.S. forces and civilians as well as closer but no less tempting targets in Israel and Saudi Arabia. A more reserved Iranian reaction could isolate Washington, damage ties to Europe, and cast America as a rogue country that reneges on a signed agreement just because there's a new guy at the White House who does not like it. A last-minute decision by Trump to stick to the deal, contrary to expectations, will certainly disappoint those who are already drooling at the prospect of the JCPOA's impending demise, but its main and possibly decisive impact could be on Trump's fragile ego: He will be reneging on an unequivocal campaign pledge, will have failed, like with Obamacare, to obliterate his predecessor's legacy and, worst of all, some of Trump's loyal base might reach the conclusion that the president is a wimp.

In his rather sensational visit to Washington this week, Macron tried to build a ladder that would allow Trump to come down from the high tree of his pledges to scuttle the nuclear deal. Macron borrowed the term 'new deal' from Franklin Roosevelt and tried to sell Trump on the idea that the existing JCPOA along with side agreements being negotiated by U.S. and European officials in Geneva could be marketed as a new and improved version of the 'insane' agreement that Trump often rails against. Macron is suggesting, without seeking British or German pre-approval, that the JCPOA be extended in order to counter its opponents' focus on 'sunset clauses' that could allow Iran to renew its nuclear ***program*** within seven to 13 years, depending who you ask. The hawks prefer an immediate confrontation that could destabilize the regime in Tehran and possibly demolish Iran's nuclear infrastructure, over years of nuclear tranquility during which Iran could recover economically, expand geographically and prop itself up militarily.

In a show of European unity, Angela Merkel will come to the White House on Friday to reinforce Macron's message, in sterner language perhaps, but then again, Trump's ear will be far less attentive. The calm and cautious German chancellor does not hide her distaste for the brash and quarrelsome U.S. president, while Macron went out of his way to smother Trump with flattery and sweet talk that have raised eyebrows in many skeptical world capitals. But that is how Macron captured the White House on Tuesday and neutralized the American right's traditional hostility to France and that is how he succeeded in delivering a speech in Congress on Wednesday that was a firm rebuttal of everything that Trump stands for, and to do so without sparking White House ire while capturing the hearts of Democrats at the same time. Macron may be pint-sized by the standards of American politicians and his English sounds like the Steve Martin version of Inspector Clouseau in the Pink Panther, but if they could, the leader-less Democrats might have recruited Macron there and then as their candidate in 2020.

Macron quoted Roosevelt in his speech to Congress as well, citing 'the only thing you have to fear is fear itself' from FDR'S 1932 Inaugural Address, which is pretty rich, historically speaking, given that no U.S. president has ever detested his French counterpart more than Roosevelt reviled Charles de Gaulle. Like most French presidents, Macron also harbors imperial ambitions and, like De Gaulle, he also seeks to place France in particular and Europe in general on the same playing field as the superpowers. Unlike de Gaulle, however, whose arrogance infuriated Winston Churchill as well, Macron is trying to neutralize Trump with a warm embrace, which is currently unique on the world stage, while trying to fill the void that Trump has created in the leadership of the free world. If you are looking for a leader who is no isolationist and no nationalist, one who doesn't support tariff walls on free trade and does not maintain global warming is a Chinese hoax, Macron told liberal America, then I am your man.

Macron's speech provided a kind of mirror image to Netanyahu's famous - or infamous, if you prefer - speech to Congress in March 2015. Both leaders sought to use the Congressional platform to improve their standings at home: Netanyahu was about to go to elections that seemed a lost cause at the time, while Macron is facing backlash for his ambitious reforms and struggling with plummeting poll numbers, less than a year after his sensational victory in last May's elections. Both speeches were riveting and dramatic. Both were directed against a sitting president and delivered right under his nose. In Netanyahu's speech Republicans cheered wildly while in Macron's it was the Democrats who were enthused, but the main difference between the two events is that Netanyahu came to Congress against Obama's will while Macron waltzed in on the red carpet that Trump rolled out for him. Netanyahu was perceived as taking sides in America's bitter political battles, while Macron maneuvered Trump and the GOP to cheer him on, even when he was taking down their beliefs and policies.

For now, however, it seems that Macron has failed. As he left Washington, he tried to limit the political fallout of his expected repudiation by lowering expectations and predicting that Trump will indeed abandon the JCPOA. In the Prime Minister's Office in Jerusalem, on the other hand, they will probably be handing out Cuban cigars and popping pink champagne if and when Trump decides to bolt. If Netanyahu had succeeded in imposing new elections in June, as he had originally ***planned***, he might have come to the campaign with a dowry that includes the transfer of the U.S. Embassy to Jerusalem as well as the elimination of the Iran deal. The more elections are delayed, on the assumption that he is the Likud candidate, Netanyahu might have to struggle with the potentially harmful consequences of the achievements that he is touting. The embassy move and Nakba Day events at the Gaza fence, which come only a few days after the Iran deal deadline, could spark widespread violence in the territories while Trump's decision could cause regional tensions and confrontations. In a worst-case scenario, both will happen simultaneously.

Netanyahu assumed a heavy responsibility when he decided to be the only international leader who exerts both private and public pressure on Trump to 'fix or nix' the Iran deal, knowing full well that the former is out of the question and thus the latter inevitable. Without any significant public debate in Israel, Netanyahu is pressing Trump to make a decision that could exact a heavy price from the U.S. but more so from Israel, especially if Iran and Hezbollah decide to let loose their heavy arsenal of missiles.

In case of a regional breakdown and possibly war, Netanyahu will inevitably be seen by the world as the usual suspect and the instigator in chief. He could and will be used by Trump and the American right as a scapegoat and whipping boy if things go South, as they usually do when the U.S. decides to intervene in the Middle East. If the Middle East is indeed headed for violent paroxysm in the wake of a U.S. decision to ditch the Iran deal, the least one can say about Macron is that he has earned the right to tell both Trump and Netanyahu: 'I told you so!'"

STATUS QUO POSES DANGER: Yehudit Katsover and Nadia Matar in The Jerusalem Post proclaim that the Palestinians are determining facts on the ground and with characteristic Arab patience are quietly building a state for themselves without any objection.

"As part of our efforts to promote the vision of Israeli sovereignty over Judea and Samaria, we appear before groups throughout the land. Military preparatory schools, high schools, religious and secular schools, from the Left and the Right, invite us for discussions, panels and lectures. Sometimes these meetings are held as part of what is called 'Judea-Samaria Week,' when youths come to Judea and Samaria to meet with spokesmen from across the political spectrum.

In these meetings we present our point of view, the main idea being that the Land of Israel belongs to us and we must not surrender it. The ***plan*** of 'two states for two peoples,' we say, constitutes an existential, spiritual, ideological and security threat to our country. We lay out the ***plan*** for the application of sovereignty that we have been promoting in recent years and explain its ramifications.

During the second part of these meetings there is a lively discussion in which serious and profound questions arise. The youths demand real answers to their questions. One that comes up in almost every group goes something like this: 'It is clear to us that dividing the land and establishing a hostile Arab state in its heart would be a disastrous step for the State of Israel, but it is also clear that the application of sovereignty is very complex and the main difficulty is the status of the Arabs. Therefore, maybe the best and most correct thing to do is leave the situation as it is now.'

At a time when the status quo in every area has become almost sacred, apparently, why would it be wrong to take that approach in this area as well? The IDF's daily prevention of terrorist attacks and maintaining a relatively low level of terrorism sometimes makes it seem that all is quiet and calm. It is easy to think, 'We do not need to endanger ourselves by establishing a Palestinian state, but on the other hand, we also do not want to cope with the complexities of applying sovereignty. Maybe it is best is to simply keep the status quo." We hear things of this sort not only from the youths in our discussions, but also from average citizens, among whom are public figures and academics.

Here is where we must explain one basic, foundational fact: There actually is no status quo. The calm is nothing more than an illusion. We are living next to a ticking time bomb and things are happening. With every minute that passes, facts are being established on the ground and this phenomenon is growing and pushing the State of Israel off of its land. Beneath the camouflage of calm and quiet, the Palestinian Authority is taking over more and more of Area C, land which even according to the Oslo Accords is to be under Israel's exclusive authority.

Every day, Salam Fayyad's ***plan*** for the Arab takeover of land in this territory is being realized by strangling the development of Jewish settlement. The residents of Judea and Samaria can see this reality happening around them every single day. Hills that were arid waste until recently are being built up, funded and supported by the European Union. And the closer the construction is to the traffic arteries leading to the Jewish communities, the more support is given. Along with the illegal construction, there is illegal ***agriculture*** and illegal quarries. Lands that have been bought by Jews are becoming enclaves, surrounded by Arab construction and ***agriculture***, and sometimes these lands are appropriated by Palestinians without the requisite and necessary Jewish response.

The Palestinians are determining facts on the ground and with characteristic Arab patience are quietly building a state for themselves without any objection and without handshakes or signed documents in brightly lit halls. They understand well the value of land and we, with our Diaspora complexes, still prefer a signed piece of paper of no real value.

And what about us? We are indifferent. We are convinced that the surrounding calm is evidence that the holy status quo is being maintained by the other side as well. We are like fish swimming in an aquarium without knowing that someone has drilled a tiny hole in the bottom and the water is slowing leaking out.

Dear friends, we must wake up and understand: There is no such thing as the status quo. This is a dangerous and stupefying illusion that is allowing a Palestinian state to become a reality right under our noses, with all of the dangers that it presents to the long-term future of the State of Israel. We therefore repeat again that Israeli sovereignty over Judea and Samaria is an urgent necessity. The hourglass is emptying and the sand itself is being lost. The lands are also being lost and we are losing our hold on them.

A choice must be made as soon as possible: Either a Palestinian state with all of its existential dangers, or sovereignty and all its attendant complexities that are part of that vision. Is Israel going to commit suicide with the establishment of a Palestinian state in its heart or cope with a localized headache that can be solved by the application of sovereignty? This is a time of critical decision."

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[***More Protection, Focus on Helping Vulnerable Groups Key to Achieving 2030 Agenda, Speakers Stress, as Social Development Commission Begins Annual Session***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJF-7FY1-F0YC-N28S-00000-00&context=1516831)

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**Body**

New York NY : Business Council for the United Nations has issued the following press release:

Conflicts, inequality, volatile financial markets, corruption, climate change challenges and health‑related threats were among the obstacles stymying progress on achieving sustainable development for all, delegates warned at the opening of the fifty‑sixth session of the Commission for Social Development, with many calling for sharpening the focus of national and global efforts to reach vulnerable groups. “Eradication of poverty in all its forms and dimensions, including extreme poverty, remains the greatest global challenge and an indispensable requirement for sustainable development, particularly in Africa and in the least developed countries, small island developing States, landlocked developing countries and in middle‑income countries,” said Ghada Waly, Minister for Social Solidarity of Egypt, speaking on behalf of the “Group of 77” developing countries and China, summing up a common view. In tackling obstacles to development gains, the Commission had a crucial role to play in identifying targeted strategies, ministers and representatives stressed. Gaps and inequalities persisted, cautioned some, expressing concerns about uneven progress and exchanging stories of success and challenges. Viet Nam’s delegate, speaking on behalf of the Association of Southeast Asian Nations (ASEAN), reported that innovation, inclusivity and international cooperation had kept the 2030 Agenda for Sustainable Development on track, with the number of people living in extreme poverty in the region dropping to 44 million in 2015 from 138 million in 2000. The representative of Equatorial Guinea, speaking for the African Group, said that despite multiple poverty eradication commitments and pledges, 390 million Africans remained mired in extreme poverty.

Obstacles needed to be overcome, including challenges related to poverty drivers such as economic slow‑downs, war and civil unrest. Further, international support and partnerships were needed to boost ongoing efforts, with stepped‑up investments from the private sector, civil society and the United Nations. More generally, the international community must boost cooperation and coordination, many delegates said. Similarly, Deputy Secretary‑General Amina J. Mohammed declared “this Commission has a key role in addressing these challenges”, calling on countries to empower people living in poverty and address the phenomenon’s root causes. Social policies that ensured social protection, including safety nets, could be crucial, she said, describing the current absence of such mechanisms in many countries as “unacceptable”. “I encourage you to be creative and to prioritize accelerating action” to help implement the 2030 Agenda, she said. Liu Zhenmin, Under‑Secretary‑General for Economic and Social Affairs, said that while the Commission was meeting at a time when the global economy continued to show signs of improvement, “economic growth is not enough”. While some 1.1 billion people had escaped poverty since 1990, many were still living barely above the absolute poverty line and remained at risk of falling below it again if impacted by disaster, illness, the loss of a job or lack of social protection. Going forward, it would be crucial to develop a comprehensive and integrated socioeconomic policy framework. Economic and Social Council President Marie Chatardová (Czech Republic) said the Commission’s deliberations on eradicating poverty would significantly contribute to the forthcoming United Nations high-level meeting on sustainable development. Policies ***produced*** during the session would serve to guide future generations, she continued, adding that the Economic and Social Council Youth Forum, which would begin on January 30, could benefit the Commission’s work by hearing young people’s perspectives. Agreeing, Commission Chair Nikulás Hannigan (Iceland), elected at the outset of the meeting, emphasized that the 2030 Agenda’s success depended on empowering all groups in society. “Let us seize this opportunity and strengthen international cooperation in implementing the 2030 Agenda, building on the achievements of the World Summit and the Millennium Development Goals and seeking to address their unfinished business,” he said. “Let us also ensure that this year’s resolution places a strong emphasis on social policies and strategies that have proved effective at eradicating poverty.” Daniela Bas, Director of the Division for Social Policy and Development of the Department of Economic and Social Affairs, introduced the United Nations Secretary‑General’s reports on ageing and poverty eradication strategies as well as a note by the Secretariat on emerging cross‑cutting issues, focusing on innovation and interconnectivity for social development. Delegates also debated strategies for eradicating poverty to achieve sustainable development for all during a high-level panel discussion moderated by Jane Barratt, Secretary‑General of the International Federation on Ageing. It featured a keynote address by Juan Somavía, Director of the Diplomatic Academy of Chile, and panellists Ana Helena Chacón Echeverría, Vice‑President of Costa Rica; Ghada Waly, Minister of Social Solidarity of Egypt; Mark Kamperhoff, Head of the Unit of European Union Coordination and International Affairs of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth of Germany; and Mark McGreevy, Group Chief Executive of DePaul International and the founder of the Institute of Global Homelessness. The fifty‑sixth session, which runs through 7 February, would feature several high‑level panel discussions on a range of issues. At the start of the meeting, the Commission adopted its provisional agenda (document E/CN.5/2018/1 and Corrigendum 1) and elected Mr. Hannigan as Chair and Lot Dzonzi (Malawi) and Mihaela Mecea (Romania) as Vice‑Chairs, with Ms. Mecea also serving as Rapporteur. Delivering statements today were ministers, senior officials and representatives of Bulgaria (for the European Union), Costa Rica (also for the Group on Ageing), Peru, Paraguay, Portugal, Egypt, Ghana and Guatemala. Also delivering statements were representatives of the NGO Committee for Social Development and of the European Union Youth Forum. The Commission will reconvene at 10 a.m Tuesday, 30 January, to continue its work. Introductory Remarks NIKULÁS HANNIGAN (Iceland), Chair of the fifty‑sixth session of the Commission for Social Development, said the success of the 2030 Agenda for Sustainable Development depended on empowering young people, persons with disabilities, older persons, indigenous peoples and families as rights holders and agents of change. While the Commission’s work constituted the basic framework for the promotion of social development for all, he warned that inequality was worsening within and among nations, with the World Inequality Report 2018 reporting that one per cent of the world’s people had twice as much income growth as the bottom half since 1980. Tackling such challenges would require effective social policies and strategies, including job creation, increased investments and tapping into the benefits reaped by globalization. Addressing elements of the session’s agenda, he noted that high‑level discussions would address aspects of sustainable development, and debates would consider issues such as the social dimensions of the New Partnership for Africa’s Development (NEPAD) and the situation of persons with disabilities, youth and older persons. As 2018 marked a policy‑focused session in the Commission’s two‑year cycle, its priority theme would be an action‑oriented draft resolution. “Let us seize this opportunity and strengthen international cooperation in implementing the 2030 Agenda, building on the achievements of the World Summit and the Millennium Development Goals and seeking to address their unfinished business,” he said. “Let us also ensure that this year’s resolution places a strong emphasis on social policies and strategies that have proved effective at eradicating poverty.” MARIE CHATARDOVÁ (Czech Republic), President of the Economic and Social Council, said the Commission’s work during the session would be critical to advance progress in other forums on sustainable development. Deliberations on eradicating poverty to ensure sustainable development for all would also significantly contribute to the 2018 high‑level meeting on related issues. Policies ***produced*** during the session would serve to guide future generations. Highlighting the Economic and Social Council Youth Forum, which would begin on Tuesday, she said the concurrent gatherings could be mutually beneficial. Youth representatives would also be sharing the forum’s activities, she continued, expressing hope that their contributions would benefit the Commission’s work. Commending the Commission’s work during its last session, she wished delegates success and voiced the Economic and Social Council’s support. AMINA J. MOHAMMED, Deputy Secretary‑General of the United Nations, said this year’s theme was particularly timely as the world sought transformative actions to implement the 2030 Agenda. “National development policies are now more likely to place people at the centre of development,” she said, outlining recent strides achieved at the national and global levels. However, the drop in extreme poverty remained uneven, and millions had slid back into poverty annually due to global shocks. Poverty remained pervasive among women, young people, indigenous persons and other vulnerable groups, and youth were suffering from unemployment that could leave them at risk of extremist recruitment. “This Commission has a key role in addressing these challenges,” she said, calling on countries to empower people living in poverty and address the phenomenon’s root causes. Social policies that ensured social protection, including safety nets, could be crucial, she said, describing the current absence of such mechanisms in many countries as “unacceptable”. This year, the Commission’s adoption of a resolution on its working methods — in particular, its alignment of the body’s work with the Economic and Social Council’s High‑Level Political Forum — would be crucial, she stressed, concluding: “I encourage you to be creative and to prioritize accelerating action” to help implement the 2030 Agenda. LIU ZHENMIN, Under‑Secretary‑General for Economic and Social Affairs, said poverty eradication was both a stand‑alone goal as well as an overarching theme mainstreamed throughout the 2030 Agenda. That agenda highlighted that people living in poverty and vulnerable situations faced barriers that hindered their ability to escape their lot, such as lack of access to education, health care, clean water and sanitation, affordable food and decent jobs. While the Commission was meeting at a time when the global economy continued to show signs of improvement, “economic growth is not enough”. While some 1.1 billion people had escaped poverty since 1990, many were still living barely above the absolute poverty line and remained at risk of falling below it again if impacted by disaster, illness, the loss of a job or lack of social protection. Going forward, it would be crucial to develop a comprehensive and integrated socioeconomic policy framework to eradicate poverty, supported by strong institutions, broad‑based participation and evidence‑based policymaking. Creative employment production and decent work for all were critical, as was addressing informality, irregular employment, low skills, and low‑wage traps. In addition, it would be important to invest in people’s skills and build the resilience of people living in poverty or vulnerable situations, including those living in places most vulnerable to climate change. DANIEL PERELL, NGO Committee for Social Development, said social protection was an essential tool, with Governments playing their part in ensuring related rights. However, implementing social protection schemes must be the result of meaningful consideration, taking into account local communities and their resources and aspirations. Any given scheme was a means, not an end, to bring about development in a manner aimed at the flourishing of communities. To bring about that development, the NGO Committee and civil society stood ready to support those goals with a view to achieving progress for all. LUIS ALVARADO MARTINEZ, youth representative of Spain and President of the European Union Youth Forum, provided a snapshot of young people today and those who had grown up during the Millennium Development Goal era, pointing out that the latter were now adults. Facts related to poverty today had demonstrated that clear strategies were needed to tackle the multidimensional nature of related challenges. Pointing to several areas of concern, he said strategies must focus on access to quality work, a guarantee of robust social protection and continued progress in political inclusion. “We generally face a lack of power,” he said, emphasizing that youth must be active participants, fully engaging in shaping policies that would guide their future. The eradication of poverty would only be achieved by focusing on the broad range of interconnected elements of sustainable development. “Let’s jointly work to achieve a better future,” he said. “Imagine what we could do together if young people were a full part of this conversation.” Introduction of Reports DANIELA BAS, Director, Division for Social Policy, Department of Economic and Social Affairs, introduced several reports of the Secretary‑General: “Strategies for eradicating poverty to achieve sustainable development for all” (document E/CN.5/2018/3); “Social Dimensions of the New Partnership for Africa’s Development” (document E/CN.5/2018/2); “Third review and appraisal of the Madrid International ***Plan*** of Action on Ageing, 2002” (document E/CN.5/2018/4) and “Implementation of the objectives of the International Year of the Family and its follow‑up processes” (document A/73/61-E/2018/4), as well as a note by the Secretariat titled, “Emerging issues: towards sustainable and resilient societies: innovation and interconnectivity for social development” (document E/CN/5/2018/5). On the former, she said the report provided a review of progress made to date to eradicate poverty and discussed strategies that countries were implementing to achieve that goal for people everywhere. It emphasized that poverty eradication required political commitment as well as realistic and determined social and economic policymaking and implementation, among other critical elements. It further emphasized the importance of ensuring policy coherence and coordination across sectors. The report on NEPAD made several recommendations aimed at accelerating Africa’s progress in implementing development ***programmes*** and priorities, including the scaling up of social protection schemes, promoting structural transformation and investing in ***agriculture***. Noting that the Commission would, on 31 January, hold a high‑level panel discussion related to the evidence‑based mainstreaming of disability in the 2030 Agenda’s implementation, monitoring and evaluation, she then turned to the Secretary‑General’s report on ageing, on which another high‑level panel would be held on the same day. That report presented the conclusions of the third review and appraisal carried out by Member States and coordinated through the regional commissions, identified major trends and roadblocks to implementation in the regions, and listed future areas of focus for regional policy. Outlining a number of the reports’ recommendations, she said the report on implementing the objectives of the International Year of the Family focused on recent initiatives to create national frameworks and institutions for the design, implementation and monitoring of family policies and ***programmes***, such as those supporting work‑family balance. Meanwhile, the Secretary‑General’s note on sustainable and resilient societies — prepared ahead of a high‑level panel discussion to be held on 30 January — identified emerging trends in innovation and technology, highlighting both the opportunities and challenges they presented and offering a set of policy recommendations. Statements GHADA WALY, Minister for Social Solidarity of Egypt, speaking on behalf of the “Group of 77” developing countries and China, said Sustainable Development Goal 1 on ending poverty should not be considered as an individual goal but in light of its interlinkages with all the 2030 Agenda’s other goals and targets. “Eradication of poverty in all its forms and dimensions, including extreme poverty, remains the greatest global challenge and an indispensable requirement for sustainable development, particularly in Africa and in the least developed countries, small island developing States, landlocked developing countries and in middle‑income countries,” she stressed, also spotlighting the needs of countries and peoples living under colonial and foreign occupation and countries in conflict and post‑conflict situations. The Copenhagen Declaration on Social Development and ***Programme*** of Action of the World Summit for Social Development — along with further initiatives adopted by the General Assembly at its twenty‑fourth special session and the Commission’s own discussions — constituted the basic framework for the promotion of social development at the national, regional and international levels. Expressing concern over the uneven progress achieved to date in ensuring full and productive employment and decent work for all, she emphasized the importance of strengthening social policies that paid attention to the specific needs of disadvantaged groups such as children, youth, older persons, persons with disabilities, people living with HIV/AIDS, indigenous persons, migrants, refugees, internally displaced persons and others. The international community also had an obligation to remove obstacles to the full realization of the rights of peoples to self‑determination, especially those living under colonial and foreign occupation and other forms of alien domination. Calling for the empowerment of older persons, she welcomed progress towards implementing NEPAD priorities in Africa, and underscored the crucial role of North‑South, South‑South and triangular international cooperation. Concluding, she said the Commission could feed into the discussions of the High‑Level Political Forum on “transformation towards sustainable and resilient societies”, including promoting social policies that ensured innovation, interconnectivity and inclusion. GEORGI PANAYOTOV, European Union delegation, said that the Sustainable Development Goals should be fully integrated into the European policy framework. The European Pillar of Social Rights had anchored a strong social dimension in the future of the European Union. The Pillar put forward common values and set out 20 principles and rights in order to positively impact people’s lives and ensure that no one was left behind. It confirmed that young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within four months of becoming unemployed or leaving education, for example. It also confirmed that persons with disabilities had the right to income support to ensure that they could live in dignity, with access to services that enabled them to participate in the labour market and in society. The European Union remained fully committed to implementing the 2030 Agenda abroad as well, he said. The new European Consensus on Development sought to support the achievement of all 17 Sustainable Development Goals in an integrated manner. It also underlined the intention to work more strongly and effectively will all partners, including countries at all stages of development. The European Union would continue to target its assistance to the least developed and conflict‑affected countries, and also to strengthen its partnerships with middle‑income countries, including the more advanced developing countries. NGUYEN PHOUNG NGA (Viet Nam), speaking on behalf of the Association of Southeast Asian Nations (ASEAN) and associating himself with the Group of 77, said the number of people living in extreme poverty in the ASEAN region was on track to be under 25 million in 2030, compared with 138 million in 2000 and 44 million in 2015. Such progress could be attributed to innovation, inclusivity and international cooperation, she said, citing several ASEAN initiatives aimed at promoting science and technology, inclusive communities, women’s economic empowerment, youth development and the rights of women and children. ASEAN was also developing a regional ***plan*** of action for implementing the Kuala Lumpur Declaration on Ageing: Empowering Older Persons in ASEAN. Meanwhile, an inclusive business framework sought to mainstream market‑driven solutions to poverty reduction, economic empowerment and social impact. Emphasizing the role of cooperation with external partners in poverty alleviation, she said ASEAN and the United Nations had been working closely to align the ASEAN Community Vision 2025 and the 2030 Agenda. Poverty eradication, resilience, infrastructure, sustainable consumption and production, and sustainable management of natural resources had been identified as priorities for leveraging the complementary aspects of those two agendas. Synergies would help intensify efforts to eradicate all forms of poverty by 2030 and raise living standards. The Statement on Cooperation in Poverty Alleviation, adopted at the East Asia Summit last year, would serve as a framework to increase mutual support and assistance, strengthen the means of implementation and promote global partnership for sustainable development, she said. MELE COLIFA (Equatorial Guinea), speaking on behalf of the African Group, endorsed the Group of 77, saying that poverty was the root of many ills and threatened economic growth. Despite multiple poverty eradication commitments and pledges against a backdrop of 1.3 billion people having escaped extreme poverty, 390 million Africans remained destitute. Obstacles needed to be overcome, she said, including challenges related to poverty drivers such as economic slow‑downs, war and civil unrest. Several efforts were making progress, including the African Union’s 2002 Protocol on Peace and Security, the Silencing the Guns initiative and the Agenda 2063. However, breaking the cycle of poverty in Africa required, among other things, full employment and decent work for all, she said. Young people were particularly affected by the current trends, with large numbers lacking education, jobs and skills. The African Union Commission was currently shaping a framework for a decade‑long strategy. The 2030 Agenda had set lofty goals, with Governments tackling challenges within and across borders. In Africa, many efforts were under way, from increasing school enrolment to meeting the needs of persons with disabilities. Yet, international support and partnerships were needed to boost those efforts, with stepped‑up investments from the private sector, civil society and the United Nations. Among recent developments, NEPAD was making strides and other endeavours were focusing on fields including infrastructure and job creation. ANA HELENA CHACÓN ECHEVERRÍA, Vice‑President of Costa Rica, speaking on behalf of the Group of Friends of Older Persons, said the increasing number of older persons around the world and the growing trend towards ageing societies represented a significant challenge to demographic structures as well as to the three dimensions of sustainable development. Noting that societies could benefit from the many contributions of older persons — whose numbers were projected to reach 1.4 billion globally by 2030 — she underlined the urgency of ensuring their social inclusion and integration as well as their full participation in all aspects of civil, political, economic, social and cultural life. Older persons must be fully empowered, ensuring that they were not only recipients of special care and social protection but also active agents and beneficiaries of change. Calling for the mainstreaming of issues related to older persons into development policies, she noted with concern that major constraints remained, including in the implementation of the Madrid International ***Plan*** of Action on Ageing. A rights‑based perspective on ageing was needed and must find its place in the policy approaches of every State. Speaking in her national capacity, she said the Commission’s efforts over recent years had been closely aligned with those of her own tenure as Costa Rica’s Vice‑President. Noting that her term would soon end, she reflected that too little had been accomplished, adding “we must commit to accelerating and doing a little better every day”. Indeed, all delegations were duty‑bound to be the voice of the most vulnerable and “we cannot let them down”. Fundamental rights and freedoms should be expanded, allowing people to take control of their own destinies, while States must create more opportunities to succeed. Just as the Commission’s work had allowed her to engage in soul‑searching and reflection, she encouraged all delegates to do the same, underlining the enormous urgency of meeting the goals and targets of the 2030 Agenda. For its part, Costa Rica had firmly embraced those commitments, including by establishing a multidimensional poverty index, bolstering investments in education and technology and delivering rights to women; lesbian, gay, bisexual, transgender and questioning individuals; indigenous persons and others. Emphasizing that social development was more fragile and diverse than economic development, she said people must always be put ahead of politics and power grabs, and leaders must forge societies that allowed all people to pursue their dreams. JORGE MELÉNDEZ CELIS, Minister for Development and Social Inclusion of Peru, said despite his country’s middle‑income status, more than 6 million people lived in poverty. Progress was being witnessed too often alongside levels of great inequality, with wealth unevenly spread and climate change‑related incidents pulling people back into poverty. Government efforts were aimed at making improvements, including guaranteeing early childhood development services and boosting access to opportunities among indigenous communities. Additional initiatives targeted vulnerable groups, aiming at ensuring hard‑won development gains were not lost over challenges including climate change. To achieve those goals, State action was not enough and partnerships were needed with private sector and civil society partners. Further, all middle‑income countries should be adequately supported to ensure that they themselves did not reverse back into poverty. HÉCTOR CÁRDENAS, Minister for Social Action of Paraguay, said poverty eradication challenges required creative and innovative initiatives. Paraguay’s national indicators had demonstrated a reduction in extreme poverty, to 5 per cent in 2016 from 7 per cent in 2012, while social investments were making further gains, including cash transfer ***programmes***, food allowances for older persons, housing construction for low‑income families and new initiatives aimed at preventing people from sliding back into poverty. For instance, digital cash transfers were now reaching those who had difficulties accessing traditional banks, but could use their mobile phones to manage their finances. Reducing inequality and fostering social inclusion were among the principles behind efforts to achieve sustainable development for all, he said. JOSÉ ANTÓNIO VIEIRA DA SILVA, Minister of Labour, Solidarity and Social Security of Portugal, associating himself with the European Union, said poverty eradication was a priority for any economy that aspired to be competitive and sustainable. It required, in the medium- and long‑term, ***strategic***, integrated and coherent measures which covered all political and territorial dimensions and all population groups. He emphasized the importance of comprehensive educational systems, inclusive and sustainable labour markets and more effective and efficient social protection systems. Those priorities shared the sustainability of development as a common fundamental concern, he said, underscoring the value of new jobs in the green economy and circular economy as well as citizens’ skills and the balanced use of public resources, including social protection systems. In response to increased poverty during the recent economic crisis in Portugal, the Government reinforced integrated policy measures which combined the recovery of disposable family incomes with incentives to promote labour market entrance and permanence. One example was a social insertion income for those living in extreme poverty, composed of cash transfers for meeting basic needs as well as a ***programme*** to support the social, labor and community integration of beneficiaries. Updating the minimum wage also contributed to reducing inequalities. On United Nations ***plans*** and ***programmes*** of action pertaining to the situation of social groups, he said particular focus should be given to women. Ms. WALY, delivering a national statement on behalf of Egypt, described her country’s “Vision 2030” to achieve sustainable development, noting that it put in place economic reforms tackling challenges to Egypt’s economy. Among other things, it provided unconditional cash assistance to the elderly and those with other special needs, expanded and partially subsidized housing and worked to rebuild slums. Universal health insurance was gradually being put in place across the country and there was now a quota for women in Parliament. In addition, she said, heavier sentences were in place for perpetrators of violence against women and harassment, and Egypt had enacted its first law to protect the rights of persons with disabilities. Food assistance had been provided to more than 75 million Egyptians, while microfinancing schemes were providing funding to many small businesses across the country. Recalling that Arab ministers had recently held their first regional conference on the achievement of the Sustainable Development Goals, she said the Ministerial Council had issued its first report on that topic with the support of the United Nations Development ***Programme*** (UNDP) and other partners. OTIKO AFISAH DJABA, Minister for Gender, Children and Social Protection of Ghana, said economic growth over two decades, coupled with social ***interventions*** for the poor and vulnerable, helped Ghana to halve poverty under the Millennium Development Goals. Regional disparities and inequalities among socioeconomic groups remained, however, she said, citing the example of a 23‑year‑woman who, despite a tertiary education, had no job, a deceased father and a mother who barely made ends by selling chewing sticks. Ghana was currently developing legislation to ensure sustainable funding and effective implementation of its National Social Protection Policy. It was also establishing a database that would be the primary mechanism for selecting beneficiary households. A cash transfer ***programme***, started in 2008 with 1,645 beneficiaries, was projected to reach 450,000 households this year, while a labour‑intensive public works ***programme*** had provided temporary employment to 167,233 people, most of them women. However, cash and in‑kind transfers alone would not provide a way out of poverty without sustainable livelihoods, income generation and employment, she said, explaining that her Government was developing a more robust productive inclusion strategy that would provide a more sustainable means of addressing extreme poverty and vulnerability. ALCIDES RENÉ OBREGÓN MUÑOZ, Minister for Social Development of Guatemala, associating himself with the Group of 77 and the Group of F

riends of Older Persons, said that as a middle‑income country, Guatemala faced several structural gaps, food insecurity and other challenges that affected the most vulnerable. Calling for strategies to address insecurity, inequality and climate change, among other major issues, he warned against a siloed approach. “We need a new focus to ensure that we can tackle what are increasingly interconnected problems,” he stressed, noting that the 2030 Agenda was the “fruit of consensus” and should guide countries to work together. Indeed, that road map should be followed to protect the most vulnerable around the world and ensure that they benefited from the fruits of development. A combination of policies was needed, including the strengthening and reshaping of trade and workplace policies and boosting employment opportunities. Guatemala had put in place modern policies in those areas that were focused on job creation, and was reforming its national infrastructure as part of a more open, transparent approach to policymaking. Panel I This afternoon, the Commission held the first in a series of high‑level panel discussions to be convened throughout its session. Today’s session on the theme “Strategies for eradicating poverty to achieve sustainable development for all” was moderated by Jane Barratt, Secretary‑General of the International Federation on Ageing, and featured four panellists: Ana Helena Chacón Echeverría, Vice‑President of Costa Rica; Ghada Waly, Minister for Social Solidarity of Egypt; Mark Kamperhoff, Head of Unit, European Union Coordination and International Affairs, Federal Ministry for Family Affairs, Senior Citizens, Women and Youth of Germany; and Mark McGreevy, Group Chief Executive of DePaul International and the founder of the Institute of Global Homelessness. Juan Somavía, Director of the Diplomatic Academy of Chile, former Special Adviser to the Secretary‑General on Interregional Policy Cooperation, former President of the Economic and Social Council and former Director General of the International Labour Organization (ILO), delivered a keynote address at the meeting’s outset. Describing the 2030 Agenda as a “three‑legged stool” with one leg that remained flimsy, he said countries around the globe faced serious economic challenges while the United Nations system lacked the depth and technical know‑how that underpinned its work in the social and environmental arenas. Indeed, specific economic obstacles were impacting global markets and driving inequality, he said, adding that more attention should be paid to the 17 Sustainable Development Goals’ multidimensional character. Noting that the Department of Economic and Social Affairs could play a major convening role in driving new types of thinking, he emphasized that poverty was not just about economic factors, but must be managed politically. The United Nations system must prepare to help Governments “bite that bullet”, he said, calling for a completely new mindset that rejected sectoral divisions in favour of a more holistic approach. Also urging a tailored region‑by‑region approach, more participatory processes and an urgent push for gender equality, he called for more space for technical discussions during the Economic and Social Council’s High‑Level Political Forum and proposed that a system‑wide ***strategic*** document be drafted to help bring together the disparate elements of sustainable development. The Commission itself remained critically important and must continue to carry weight even against the backdrop of new bodies and agendas, he said, adding: “You have an enormous and beautiful job in front of you.” Ms. BARRATT, agreeing that the 2030 Agenda was both complex and interlinked, said she had been struck by Mr. Somavía’s message that parts of the agenda were in fact fragile and deeply vulnerable. Delegates should reflect on “who we are as representatives” and examine how they could translate those deeply felt messages into specific policies for their people. Ms. CHACÓN, underlining the fact that the world was suffering more from inequality than ever before, stressed that Governments must work to give people back their dignity and freedoms through the enjoyment of human rights. Sustainable development policies must have human development and gender equality at their heart, as 50 per cent of the world’s population was still not living on an equal footing with the other half of humanity. “We are not all as committed as we should be,” she said. In Costa Rica, a holistic approach had been put in place, including social mapping aimed at identifying areas where the greatest poverty existed, and a multidimensional poverty index which took into account such factors as access to housing, education, health and social protection. Those and other efforts had helped the country make progress towards ensuring the human rights and well‑being of all people, and had reduced extreme poverty to 5.7 per cent in recent years. Indeed, Costa Rica was working to abandon outdated “palliative measures” in favour of modern social policies based on technical criteria, funded by earmarked resources and supported by strong political will. Ms. WALY, outlining a number of development challenges facing Egypt, spotlighted slow economic growth and high inflation rates, high levels of malnutrition in some areas, early marriages, low or non‑existent female employment levels and inefficient organizations and institutions. In response to those issues, the Government had begun to distribute cash transfers to women and others in need and had created a database that collected and analysed information on the various dimensions of poverty. Noting that technology could also be used in training and to fight corruption, she said connecting people to safe water, sanitation and better health care enabled them to pursue better lives. Meanwhile, the Government continued to foster the inclusion of women, training them in such work as the production of crafts and other items. Underlining the importance of safety, security and stability — including good governance — she warned that conflicts and displacement would negatively impact the outcome of the 2030 Agenda. “Societies need to feel safe in order to engage in development,” she concluded. Mr. KAMPERHOFF, also sharing some of Germany’s anti‑poverty policies, said the country’s new national sustainable development strategy brought the Sustainable Development Goals to a practical level. Among other challenges, that strategy aimed to tackle social discrimination, exclusion and lack of participation in decision‑making, all of which contributed to poverty. Recalling that Germany had introduced a minimum living wage in 2105, he said fighting poverty also required ensuring decent jobs, which helped entire families thrive. A “parental allowance plus” system had been introduced, making the reconciliation of work and family care easier. Sound childcare facilities were critical in that regard, he said, noting that Germany aimed to have 35 per cent of children up to two years of age in quality childcare facilities by 2030. It was also working to reduce the gender pay gap and increase wage transparency, and had set quotas for women in executive and other high‑ranking positions. Mr. MCGREEVY, drawing attention to persons who suffered from street homelessness as a population at high risk of neglect around the world, said unsheltered homelessness was growing in many places — both poor and wealthy — and the issue was often overlooked in policymaking. Data collection on street homelessness was nearly non‑existent. Shelter and housing were crucial for people to address other causes and effects of poverty, he said, describing street poverty as “death‑including poverty”. Street homelessness was also often related to discrimination and other challenges, such as vulnerability to climate‑related events and lack of access to basic services. Stressing that it was in fact possible to end street homelessness, he said his organization was working in some 50 countries and had made promising strides around the world. Clear goals and targets were required, as were citywide or national strategies that included both prevention and response activities and an adequate supply of safe and affordable shelter. In addition, existing poverty reduction strategies should be amended to include the issue of street homelessness, and an indicator on the issue could be included among the Sustainable Development Goal targets, he said. Briefly responding to a question posed by Ms. Barratt about data collection, Ms. CHACÓN ECHEVERRÍA said evidence‑based data was critical for decision‑making. Ms. WALY, noting that data was lacking on street children in Egypt, described the use of innovative mobile units to help reach them with social services. Mr. MCGREEVY said one‑on‑one interviews with street homeless people could help officials better understand the phenomenon. In the ensuing interactive discussion, delegates from around the globe shared their experiences in combating poverty and its various dimensions. Conversations also emerged about such issues as employment policies, national debt burdens and the importance of social protection systems, with panellists responding to several questions from the floor. A number of speakers drew attention to the needs of specific groups at high risk of poverty, including rural dwellers, persons with disabilities and others. A representative of the National Council for the Elderly of Costa Rica spotlighted the particular needs of people suffering from dementia and Alzheimer’s disease — many of whom lived in poverty — and urged countries to help reintegrate them into society. Those persons must be taken into account in anti‑poverty campaigns and never institutionalized or neglected, she said. The representative of Namibia underscored the need to reach people working in the informal employment sector, who should benefit equally from national social protection measures. He asked the panellists whether they could describe any successful case studies in that regard. Many delegates echoed the panellists’ emphasis on the importance of employment, including as a marker of pride, identity and empowerment. The Minister for State for Family and Youth Affairs of Hungary said an entire generation of children in her country had grown up without seeing their parents go to work, with extremely negative consequences. Hungary now placed a strong emphasis on policies aimed at ensuring decent jobs for its people. In that regard, Mr. MCGREEVY agreed that a decent job underpinned many other aspects of life, including creating role models for children, ensuring people’s ability to participate in the economy, and allowing them to care for others. The representative of the European Union said labour market exclusion, especially for young people, continued to increase poverty levels. While more decent jobs and policies that prioritized inclusion and economic growth had the best chance of lifting people out of poverty, social protection was equally critical. In that spirit, the European Union had laid out a set of 20 key principles to support fair labour markets, including many aimed to ensure effective social protection schemes. The theme of social protection resounded throughout the discussion. A representative of the non‑governmental community emphasized that too many Governments viewed social protection as “charity” or a “reward” for their political allies, adding that Africa was particularly vulnerable because many administrations remained in power too long and forgot about their most vulnerable citizens. For that reason, he stressed that social protection should be legally enshrined in national constitutions, and asked the panellists how Governments could be persuaded to view social protection as a right and legislate it as such. Ms. CHACÓN ECHEVERRÍA, responding to a question posed by the representative of El Salvador, who asked whether Costa Rica had undertaken any independent impact studies to measure the effects of its anti‑poverty policies, agreed that external evaluations were critical to objectively determining whether measures were working on the ground. Outlining some of the data emerging from her country, she added that more had been gathered and was widely available. Morocco’s delegate said countries of the global South were still suffering from development challenges due to a lack of political commitment from its development partners. In that respect, she asked the panellists to address the issue of poverty from the perspective of debt‑burdened developing countries. Responding, Mr. SOMAVÍA said many global financial institutions required States to repay their debts as quickly as possible before lending to them, which negatively impacted anti‑poverty efforts. That issue was just one important reason he had advocated, in his keynote address, for a broad rethinking of the global economy, especially in the areas of trade and investments. The panellists also delivered brief closing remarks, with Ms. CHACÓN ECHEVERRÍA saying that Costa Rica was making progress toward implementing the Sustainable Development Goals. Ms. WALY also expressed optimism about countries’ implementation efforts, but reminded delegates that countries and sectors needed to work together to achieve sustainable development targets. Mr. KAMPERHOFF emphasized that Germany’s sustainable development policy was expressly aligned with the 17 global goals, and underlined such thematic priorities as addressing human trafficking. Mr. MCGREEVY called for more sensible discussions about compromise and “the common good”, emphasizing that not everything should be about profit. Mr. SOMAVÍA agreed that inequality was “the major issue of our time”, stressing that the Commission had the important mandate to examine that phenomenon. Also participating were the representatives of Mexico, Cuba, Brazil and South Africa, as well as several other non‑governmental organizations.

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[***Putin, Macron hold news conference in St Petersburg - transcript***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SF6-8KR1-JC8S-C124-00000-00&context=1516831)

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Joint news conference with President of France Emmanuel Macron

May 24, 2018, St Petersburg

President of Russia Vladimir Putin: Mr President, ladies and gentlemen,

We are happy to receive Mr Emmanuel Macron on his official visit to Russia.

The President of France is combining this visit with participation in the St Petersburg International Economic Forum as a guest of honour. We have a big ***programme*** of joint events ***planned*** for tomorrow.

We will meet with representatives of Russian and French businesses, talk to members of the Trianon Dialogue Coordinating Council and speak at the forum's plenary session.

Today Mr Macron and I held bilateral talks, first in a narrow format and later on with the participation of delegation members. We had a detailed discussion of pressing issues of Russian-French relations and international problems.

Interdepartmental agreements and commercial documents that were specially prepared for Mr Macron's visit to Russia have just been signed. Incidentally, a number of other documents, mostly corporate contracts, will be also signed at the forum.

France is our traditional partner. We cherish our mutually beneficial relations and are trying to develop them actively. We maintain an intensive political dialogue with Mr Macron and often exchange views and ideas over the phone.

Our foreign offices and relevant ministries are cooperating fairly well. Our parliaments and the public are engaged in exchanges.

Naturally, we paid considerable attention to economic issues during the talks. We were pleased to note that last year our trade grew by 16.5 percent. In January-March it increased by another 25 percent. The aggregate amount of Russian investment in the French economy stands at $3 billion, while French investment in Russia is $15 billion.

Overall, speaking about our countries' economic cooperation, it is enough to mention that over 500 French companies operate in the Russian market.

French companies are actively involved in the Yamal LNG liquefied natural gas extraction project and a number of other large-scale projects. In turn, Rosatom covers 25 percent of France's uranium fuel needs.

In addition, large projects are underway in other fields - the automobile industry, machine and aircraft building, the food industry and ***agriculture***. French businesses have localised high-tech manufacturing in Russia.

It should be noted that a distinctive feature of Russian-French relations is the mutual interest and sympathy of our peoples, rooted in many centuries of history and deep interpenetration of cultures.

This year we jointly mark the birth bicentenary of Marius Petipa, the famous French and Russian - in every sense of the word - choreographer. Events of the cross year of Russian and French language and culture are being successfully held in Russian and French cities.

In this context, I would like to stress that practical implementation of the initiative proposed by the President of France regarding the Russian-French civil society forum, the Trianon Dialogue, has begun. The Trianon Dialogue coordinating council will hold its first meeting in St Petersburg. Tomorrow Mr Macron and I will try to find time to meet its participants.

As for my talks with the President of France on international issues, they covered virtually all current topics. In particular, we discussed the situation resulting from the US unilateral withdrawal from Joint Comprehensive ***Plan*** of Action on Iran's nuclear ***programme***.

In the context of the situation in Syria, we noted that it was necessary to continue facilitating an early political settlement, in particular, given the recommendations approved by the Syrian National Dialogue Congress. Russia will continue maintaining relations with the Syrian Government and the opposition as part of the process launched in Astana. This format of negotiations has proved its viability and is ***producing*** tangible results.

We are also set to establish contact with the so-called small group. Of course, we understand that in so doing we need to adhere to the principle of respect for sovereignty. Mr President and I have agreed on how we shall move towards joining our efforts. Our priority task, as we see it, is to ensure that a constitutional committee is created and starts its work in Geneva, and we hailed Damascus' decision to have their representatives sit on the committee.

We have also touched on the conflict in the southeast of Ukraine, emphasisng the importance of scrupulous compliance with the Minsk Agreements to ensure a sustainable and comprehensive resolution of the intra-Ukrainian crisis.

We have also discussed other current international issues. In particular, we spoke about our joint efforts in cyber space, keeping in mind respect for the universally accepted norms of international law, our mutual interests and, first and foremost, efforts to fight crime, including that in cyber space.

The President and I will continue our talks tomorrow. However, right now I would like to thank the President of France for the talks, which took place in a very businesslike and open atmosphere and were very useful.

Thank you for your attention.

President of France Emmanuel Macron (retranslated): Dear Vladimir, I would like to thank you for these words.

Ladies and gentlemen, ministers and MPs.

First of all, I would like to thank President of the Russian Federation Vladimir Putin for his hospitality. We just had a tete-a-tete meeting followed by a wider format meeting. As always, the dialogue was very open, direct and effective. It was also very productive. I think we had an opportunity to exchange our sincere views on the world and the future of France and Russia. We also talked about our obligations and responsibility.

I met with President Putin a year ago in Versailles. We timed our meeting to the 300th anniversary of Peter the Great's visit to France. Now a year later, we are in his city and this is no accident, either. This is the city that he designed as a window to Europe and where many cultural figures of that era brought glory to the majesty of his country.

This is exactly why General de Gaulle chose St Petersburg for his visit in 1966 in order to make a speech about the heroic deeds and heroic resistance of Soviet soldiers and local residents that were besieged by Hitler's army.

This is why tomorrow I will visit the Piskarevskoye Memorial Cemetery to honour the memory of the victims of the Leningrad siege and other battles in which we suffered losses together. Let us not forget the Normandie-Niemen squadron about which we talked. We flew the skies together. I think this is a key phrase. We should not forget our common heroes who fought together.

This is your city, Mr President. St Petersburg is your city because you were born here. You grew up and studied here. You ran this city. Today this city allowed us to meet at the annual International Economic Forum that France attends along with Japan as a guest of honour. I would like to thank you for that.

Thus we continue the historical thread which will enable us to continue our cooperation. I think we should determine, as Dostoyevsky said, the real ground for reconciling all the European differences.

This is probably what we are looking at when we speak about our bilateral relations. There are currently European differences that riddle our peoples, we are aware of this. We know about it from the past, present and future. It is necessary to build ground on which all could agree.

It is necessary to act because we have managed to inherit from our historical victories a special status, the status of permanent members of the UN Security Council. This is not only an advantage, but a great responsibility. I think we should take advantage of this because we should constantly protect what I called several weeks ago "a multilateral approach in international relations." In other words, we should create mechanisms of interaction between effective players who believe in effective partnership and believe in this responsibility.

Our responsibility also means constant intensive dialogue, and this also implies independence. President Putin knows that France, which I run today, is an independent country. We make our decisions independently. We believe in Europe, we want the decisions we take to be honoured by our partners. Our dialogue with Russia is one link in this independent policy as well as our belonging to democratic and sovereign Europe. Just like our alliance with the United States. All these are stages and links of the multilateral approach I spoke about earlier.

The fact that we speak openly with our partners is a hallmark of our independence. We are very well aware that we have allowed a certain lack of understanding to creep into our bilateral relations. We all know what made up previous discussions.

I would very much like to see us moving forward hand in hand on the basis President Putin and I set out for ourselves today. These multilateral relations follow the principles in which I have great faith. I think we should work together on the principles of collective security. I believe that we should uphold our values. I also believe that we should respect the sovereignty of peoples. I would not under any circumstances presume and initiate any attempts to impose my choice on other peoples.

I believe that France can act in situations when certain red lines have been crossed. I also recognise the role Russia has carved out for itself, in its immediate surroundings and in some other regions, for example, in the Middle East. This newly acquired role of a strong leader imposes a new responsibility.

I am well aware of Russia's indispensable role in solving some international issues. But I believe that Russia, for its part, should also respect our interests, the interests of our sovereignty as well as the interests of our partners.

Considering our history, considering the rules we have set for ourselves, considering the mutual interests, we should constantly strive to strengthen mutual trust. For my part, I would like Russia to understand that France is a reliable partner in building a common future.

I proposed to President Putin to determine together with France a new, clear definition of the multilateral approach, multilateral relations, so that these terms cease to be empty words, so that they yield concrete results. This meets the interests of our countries. I think this is a factor that can bring us closer together. We discussed a whole range of international issues in the same vein.

Regarding Iran, three European countries have recently declared that they intend to remain within the JCPOA and that this 2015 agreement was signed by our countries and it will be preserved in the shape in which it was signed. It is necessary to ensure - and incidentally we talked about it at the European summit in Sofia, Bulgaria last week - that Iran scrupulously fulfils its obligations under this agreement. And our enterprises should find pragmatic solutions jointly with their partners. They must do everything to hold on to their positions, to preserve their economic benefits in spite of the American sanctions, and preserve our economic activities and our presence in Iran.

On the other hand it is necessary, as I said, that Iran comply with its obligations. The information we have been getting from the IAEA has been positive. President Putin and I see eye-to-eye on this: we want to preserve this base, this framework that is necessary for regional security.

I also told President Putin about other concerns - Iran's post-2025 nuclear ***programme***, its ballistic missile ***programme*** and some regional issues.

We have already started a dialogue with President Rouhani on these problems. Of course, such a dialogue will be viable and possible if all of us adhere to the commitments assumed in 2015. At any rate, this is what we are going to do.

In the next few weeks we will organise discussion and dialogue with our partners from Iran and Israel. As you know, maybe not all of our partners have identical assessments of one and the same events in the region, but to avoid tensions there we should build mechanisms of dialogue and mutual understanding.

As for Syria, the growth of tensions between Iran and Israel points to the risk of large-scale escalation. It is time to seat at the negotiating table all regional powers and all sides that are interested in settling the Syrian conflict so as to find a real political solution to it. Maybe, this should be done through joint work of the two formats that exist at present: the narrow format and the Astana process.

I have always said that our priority in Syria is the struggle against terrorism and the Islamist threat. We have always had very clear positions on the policy pursued by Assad. But starting in 2017, France changed its political course. We want to find an inclusive political solution that will allow the Syrian people to draft a new constitution and elect a government. This should be the goal of the political settlement process. In any event, this is how I view the current situation.

Mr Putin and I have decided to establish a coordination mechanism between the narrow group and the Astana process. We only have one aspiration - to preserve Syria's sovereignty and territorial integrity. We can set up this coordination mechanism in the next few weeks. We will try to compile an agenda that will be both parallel and common in both formats in order to find points of overlap and a common denominator for reaching the ultimate goal. I have a great deal of faith in this initiative.

I also proposed to President Putin that we do practical work in the humanitarian sphere. Several weeks back, in late April, I decided to create new momentum and invest 50 million euros in humanitarian activities in Syria. We will work with various non-governmental organisations which will engage in humanitarian activities in various parts of Syria which are most in need of humanitarian assistance. I think this is also Mr Putin's aim. This work will enable us to be truly useful to Syria and to help the Syrian people to gain access to humanitarian aid.

We, that is, the international coalition, are destroying the last ISIS bases in Syria, and we should do all we can to ward off the risk of this organisation having a resurgence.

As regards chemical weapons, we have had deep differences, and we discussed them in detail. But I believe that we should coordinate our efforts to create a mechanism for determining responsibility in the event of fresh cases of chemical weapons being used by this or that side.

As regards Ukraine, we said that it is necessary to resolve the situation in Donbass because this is the key stage in the settlement of the Ukraine crisis. President Putin said that the only way out of this situation is the implementation of the Minsk Agreements. Over the next few weeks working groups will be organised and I hope that there too we will achieve positive results.

As for bilateral relations, we spoke about it, as Mr Putin discussed, we talked about the activities and risks in the cyber-sphere, about cyberattacks, and we have agreed to create a new mechanism, an instrument for exchanging information and working on concrete situations. To carry out work that would enable us to develop common rules of conduct in cyberspace.

We have dynamic economic relations, as President Putin noted, because Russia is a major partner in the field of investment, in the economic sphere. I have to say that our economic cooperation, in spite of the complicated times, has survived and continues to grow. We will discuss it in more detail tomorrow at the Economic Forum. France would like to take part in the diversification of the Russian economy. And as I have said, in spite of the difficulties, French enterprises are present in the Russian market, they continue to work here.

We have also noted other shifts in the framework of the Trianon Dialogue, the forum where we wanted to bring together representatives of our civil societies, the world of culture and the creative community. This enabled us to set up two digital venues to make it easier for the representatives of our civil societies to look for and develop new initiatives for further cooperation. This is very important for deepening our relations. It has enabled many young French people to win quizzes and as a prize to go to Russia and to become familiar with your culture.

We envisage many areas of mutual cooperation. Fifty agreements have just been signed in various areas that have to do with space, the nuclear ***programme***, energy, science, culture and so on. 2018 is the Year of Language and Literature, which follows the Year of Cultural Tourism in 2017. You know that last year was hugely successful thanks to the Shchukin collection in Paris and to Saint-Louis and Sainte-Chapelle relics at the Kremlin Museum in Moscow.

We are going to talk about Marius Petipa tomorrow. Some consider him to be French and others call him a Russian. Actually, he is French, and what is more, he comes from Marseilles. Russia, of course, accorded him great trust, that's why he played such a substantial role in the development of Russian ballet.

We would like to continue our dialogue on all these matters, to continue our interaction and to move forward. This is the kind of dialogue President Putin and I would like to see, we want to outline our future. Young French people, French children got their ideas about Russia thanks to the travels of Mikhail Strogov, they grew up with Peter and the Wolf, and they have heard about Marius Petipa, who was born in Marseilles. We know that many Russians read The Three Musketeers when they were children. All this cultural heritage brings us closer together because we have common European roots, common European art.

When history becomes more complicated it is necessary to seek ways to simplify it, to identify the differences but also to find a common denominator. I wish that we could find all these solutions in order to build a common future in this complicated world.

Thank you, Vladimir.

Question (retranslated): My question is for both presidents. What could you say about Donald Trump's decision to cancel the summit with the North Korean President? The proliferation of nuclear weapons is at stake, after all. You mentioned the Iranian nuclear deal. Mr Putin and Mr Macron, do you think the nuclear ***programme*** agreement should be extended to ballistic missiles and containing Iran's influence in the Middle East? Mr Macron, have you and Mr Putin come to an understanding on this issue?

Vladimir Putin: As for the cancellation of the summit of the leaders of the US and the DPRK, we personally, Russia, regretted the news, because we had big hopes that this would be a major step towards reducing tensions on the Korean Peninsula and would mark the beginning of its full denuclearisation.

For his part, Kim Jong-un did everything he had promised, even detonated tunnels and mines at his test site, but then word came of the US decision to cancel the summit.

We hope that dialogue will still be resumed and continued and that the summit will take place. Without it, it is hardly possible to hope for tangible progress in resolving an issue that is extremely important not only on a regional but also on a global scale - the denuclearisation of the Korean Peninsula.

We will work all together to narrow the gaps between the positions of the US and North Korea. Probably, under the circumstances, it would make sense to return to earlier mechanisms that generally proved useful for making progress on this road.

As for Iran, our position, Russia's position is well known. We believe the deal, the JCPOA should be preserved. Emmanuel has just said and we know this well - I recently met with the IAEA Director General and he confirmed to me in a personal conversation that Iran is fulfilling its commitments, Iran is fulfilling all commitments it has assumed.

This raises a question: what are the grounds for destroying this deal and this agreement? I think the consequences may be quite lamentable. But we welcome the position of not only France but the entire united Europe in favour of the deal's preservation.

We realise that this will not be easy. For its part, Russia has never approved unilateral actions or sanctions. Russia has never introduced or enforced unilateral sanctions.

In accordance with existing international law and the UN Charter any restrictions on relations between sovereign states may be adopted exclusively by the UN Security Council. Everything else is illegitimate.

As for the proposals formulated by the President of France - yes, we discussed them by telephone quite recently. The President set forth his viewpoint on this issue.

I agree that it is possible to talk about Iran's missile ***programme***, the situation in the region and nuclear activities after 2025. However, I stated my position from the very start, and as far as I understand the French President agrees that these three components cannot be linked with the preservation of the JCPOA. If we do this we will be withdrawing from the agreement ourselves because it does not mention any such terms.

Today, I reaffirmed my position and, as I understood, the President of France is in agreement. But to discuss this issue with Iran, it is necessary to hold preliminary consultations and receive the consent of the Iranian partners to these discussions.

As far as I see - and the President will speak about this now - his preliminary conversation with our Iranian partners suggested that such dialogue is possible.

Emmanuel Macron: Regarding the cancelled summit of the United States of America and North Korea. I can explain it the same way as did the other participants. What is it that I would like? The process already launched to de-escalate tension on the peninsula, as well as the process to denuclearise and disarm the whole peninsula, this process must go on.

I should say that China has played a very important role throughout the past months. I would like to thank the Chinese President for his part in exerting the necessary pressure, and on the other hand, for his calls for calm in the region. I think China will keep on playing this important role. France is also ready to support this process. But I think the whole international community in a variety of multilateral formats - and the UN, of course, plays a special role here - the whole international community should act in concert. Despite certain problems, the process should go on, we cannot lose sight of the final goal, since it is necessary for peace and tranquillity in the whole region. I am confident that we can continue that necessary work.

Concerning the Iran nuclear deal and related issues. I completely agree with what President Putin said at the conclusion of his speech. I would just like to specify that I spoke not about expanding but rather complementing the existing 2015 agreement. I have never questioned the July 14, 2015 agreement, I think it is a good agreement on Iran's current nuclear actions and ***programmes***, and this is the reason why it is crucial to keep it. And to be honest, I never heard of any improved, more efficient proposals on this topic. What I suggest is complementing the existing agreement.

In fact, France has been making proposals since September 2017; we voiced them at the UN General Assembly. I suggested that the process be launched and thus the post-2025 nuclear ***programme*** be discussed, the issue of the ballistic missile ***programme*** and Iran's overall activities in the region. We will obviously have to win Iran's trust in order to start working on these three additional issues. This will only be possible if we are committed to the existing agreements. Of course, it is irresponsible when negotiations are held for 10 years, and after the treaty is reached, it is ruined in such a short time.

We both agree on the following. We remain committed to the 2015 agreement. We are ready to continue talks with Iran on additional issues. We both agree that the priority is to preserve the 2015 framework in order to continue work. I have already told Mr Rouhani about those three aspects. I hope we will proceed on the road of dialogue which will let us reach a framework agreement of a broader nature.

The ultimate goal, from my perspective, is, on the one hand, the July 2015 agreement that will be appended with these three framework ***strategic*** agreements. I think we have generally reached an understanding and consensus.

Question: I have a question for both presidents.

Mr Putin, you said that you discussed the US sanctions and withdrawal from the JCPOA today. Did you perhaps discuss a joint Russian-French ***plan*** to minimise the damage to Russian and French companies from US sanctions? And in general, how can our two countries act together in this field?

And a question for the President of France. Mr Macron, what steps do you intend to take to protect French companies from possible US sanctions due to their cooperation with Iran? And in general, how do you see the JCPOA's future after the US withdrawal?

Vladimir Putin: In regard to all manner of sanction pressure, I have already said that we have never recognised any unilateral restrictions. It is enough to take the UN Charter and read it... Anyone capable of doing so will understand that all unilateral sanctions are illegal, illegitimate, and that is that. This has always been our view and will continue to be.

Does it hurt the world economy? It does. Much has already been said about it here at the forum, and more will be said tomorrow. Actually, one of the forum's slogans is to rid the world economy of political pressure and to support the growth of the world economy by legitimate means, by backing up each other's actions.

Because this is the only way to resolve both social and political issues - by cooperating on things that we can do more effectively together than by ourselves or, alternatively, by standing in each other's way.

As to the specific mechanisms, we have not spoken about them today.

Emmanuel Macron: With regard to protecting French enterprises affected by the US sanctions on Iran, first of all, we confirmed that our enterprises continue to operate under French law, so they are primarily protected by the agreements signed by France. Then, perhaps, we will provide for some compensation mechanisms.

The European Commission also came up with a number of proposals in Sofia last week which France supports. In particular, the issue is about the 1996 regulations, which include protection of enterprises against foreign sanctions. The European Investment Bank may also play its part. So, I think a number of mechanisms will come into play. Europe is developing a dedicated mechanism to accord such protection.

Of course, I would like to see greater freedom and greater economic sovereignty, if you like, at the level of Europe. France is upholding its economic interests. Europe, I believe, should create even more operational mechanisms than the already existing ones. The work is underway. I would like to see concrete results.

I gave a partial answer about the Iranian deal when I answered the previous question. I think that the 2015 Iranian agreement is at risk as a result of the US move, but there are things that still inspire optimism. Above all, Tehran so far has abided by its decision to remain part of this agreement. For me, this is a symbol of Iran's great responsibility and reliability.

Second, as a result of its inspections and oversight, the IAEA confirmed that Iran is compliant with all its commitments. This is the second thing that inspires optimism.

Third, all other signatories to this agreement confirmed their willingness to keep it intact.

I have already mentioned possible solutions for French enterprises. I am aware that some enterprises from other countries decided to leave Iran for obvious reasons, but in any case, I think it is important for us to provide some guarantees to Iran. It is imperative to keep this general framework in place so that it remains active in the future.

Question (retranslated): This visit took place on the exact same day that the Dutch commission announced its decision on Donbass. What was your reaction to this decision, Mr President? Will there be any consequences or complications in relations with France? Is it a civil rights issue?

And a question for both Presidents. You have mentioned cyberattacks. The US recently published a new report where it accused Russia. There has been some talk of possibly imposing new sanctions. Did you discuss this? Will any sort of escalation take place?

Vladimir Putin: Pardon me, please. What decision are you talking about?

Question: About the Malaysian plane that was shot down in Donbass, Ukraine.

Vladimir Putin: You know, we have been working non-stop today, so I am not yet familiar with the details of the commission's decision. But I can tell you something right away without knowing the details. Our position is as follows: right from the start, we have been offering to investigate the details of this tragedy together. To our surprise, we were not permitted to participate in the investigation.

However, the Ukrainian side is participating, despite the fact that the country violated international regulations by not closing the airspace of the territory where fighting took place. But Ukraine is participating in the investigation, while Russia is not. That is why we do not know what the commission writes, and what it is based on.

For us to accept what has been laid out, we need to fully participate in the investigation process. In any case, we will approach it respectfully, analyse everything and formulate our position on this issue. I have not even read the text yet.

And the second question?

Question: On the meeting between Mr Macron and representatives of non-profit organisations, human rights organisations, this evening.

Vladimir Putin: There was a question about Mr Sentsov earlier.

You know what? Mr Sentsov was detained as a suspect in a terror plot, not for his journalistic activities. I really wonder why you, a French journalist, are not asking questions about the activities of journalists being restricted in Ukraine.

Just recently, a couple of days ago, a colleague of yours, a Russian journalist, was detained. He is facing charges of high treason for his public stance and his work as a journalist. For some reason you are not interested in his fate at all. You have to admit that this is strange.

Let us pay closer attention to everything that is happening in Europe - Eastern or Western - and on every continent.

We know that conscientious and brave journalists, especially those working in conflict zones, often face danger; many of them risk their lives or even get killed. We have tremendous respect for these people; we believe that their work and their lives need to be protected. And, for our part, we will be doing everything to ensure that. But let us be objective and thorough - it is the only way to solve any sort of issue, otherwise there will be no mutual trust.

Emmanuel Macron: There was a question on cyberattacks.

Vladimir Putin: I can speak about cyberattacks, about attacks in the press, and so on.

Every action ***produces*** a counteraction. Always. In order to avoid a counteraction which one may not like, the rules for actions should be agreed upon, the rules of conduct in any sphere.

Back when humankind invented nuclear weapons, the atomic bomb, everyone became aware of how dangerous it was, and agreed on rules to avoid a tragedy.

Today, it is crystal clear that cyberspace is a highly important sphere of life and activity for millions of people. Let us agree on how to work together here and on common rules, and develop mechanisms for monitoring observance of these rules.

Today, the President and I spoke about this and agreed that we will make the necessary efforts to follow this path.

Emmanuel Macron: As regards your first question, about March 17. I think of the victims and the victims' families in many countries, in particular, in Belgium, the Netherlands, and Australia. As for today's information that we are receiving, France is making every effort to take part in the joint investigation, and we are certain it is objective.

The President has spoken about the desire to cooperate on this matter. I think that as soon as it becomes clear judging by the details and facts, we will be able to consider, in full solidarity with the Netherlands, that Russia has played an objective and constructive role in establishing the facts, as the President has just said. I am glad that he has decided to take part in the investigation, as he has said. This is an important stage. But much work on the investigation is still ahead.

As regards the second question, like I said, I have spoken with the President and his team absolutely transparently about the non-profit organisations involved in civil life in Russia. We spoke about writers and prominent figures, such Ms Solzhenitsyn. Soon, we will mark [Alexander] Solzhenitsyn's birthday.

Our dialogue has shown that it is mutually complementary. Civil society is also making its contribution to this. The Trianon Dialogue is not exclusive but civil society must communicate. This is very important. We also discussed human rights at our talks. Many issues were mentioned, including Mr Sentsov whom Mr Putin has just mentioned, and Mr Serebrennikov who also prompted many people to mobilise.

I told the President that these two issues are very sensitive for this country because our intellectual elite is very concerned over them. We hope to be able to engage in dialogue on them. I think we both want to be effective and consider this very important. We would like to work out effective solutions together whenever we can do this. I do not control the judicial system in this country but we can hold a sincere, open dialogue. I think we will be able to move forward.

As for cyberattacks, we know how they are covered by the media and discussed. We take this into account. I have already spoken about this. I believe this is a real problem today. It is fuelling some of the issues on human rights that exist in our society because cyberattacks have their economic and security aspects. We are required to react to them, to intervene in order to make progress.

In any event this is a timely issue and is discussed all over the world. It requires that we self-organise. We discussed this issue but before holding public debates we share information with others to talk about specific problems. We have drafted a roadmap. We have information and Mr Putin with his team is talking about this. We will share this information. We will start work that will be confidential to a certain extent but we will share our information as much as possible to lay the foundations of security in this area because we need common rules. If we don't have common rules, we will always face certain events. So we need our economic and industrial actors to work out common rules, just as we do on many other issues.

I think the initiative we are adopting today is useful. It will certainly enhance our cooperation in other areas. We have adopted a certain decision in this respect.

Question: I have a question addressed to both leaders. You have thoroughly covered your discussion of the Syrian issue. In view of what has been said, how do you assess the chances for a political settlement in that country?

You have discussed Ukraine. As we see, the Minsk Agreements are not really followed. Nevertheless, can we expect a Normandy Format leaders' meeting shortly, and if so, when? Are there prerequisites for the meeting?

Mr Macron, the FIFA World Cup is to kick off in Russia very soon. Will you come to support your team, to cheer them on?

Vladimir Putin: Regarding Syria, it is a very complicated matter. It is a conflict that has been going on for a long time, it has deep roots, and the sources of the conflict are both inside the country and outside it. We must be optimistic, we must be committed to settling it above all by political means.

It is impossible to establish lasting peace without agreeing with all the parties to the conflict in the country. This is my deep conviction. We will be doing everything for such a dialogue - a substantive, comprehensive and trust-based dialogue - to happen.

Regarding the situation in Donbass, the process is indeed moving very slowly, and we see, I am firmly convinced, that the current authorities in Kiev are not striving for a settlement. They have a new political situation unfolding there related to parliamentary and presidential elections.

But we have no other instrument but the Minsk talks and the Normandy format. Russia is ready to support it, we are ready to meet at all levels. Each of these meetings must be well prepared and should end in a positive way. At any rate, dialogue is always better than confrontation.

Emmanuel Macron: As for Syria, I have just said that we have differences on the procedure that we elaborated with Mr Putin and on the coordination mechanism. As for the political aspect, it is necessary to prepare for the post-war period, when peace comes to Syria - this is our goal.

We mapped out certain goals and mentioned them, such as the fight against ISIS. We also tried to draft a policy, an approach that would promote stability in the region in an inclusive way. I think we share a number of common principles. We want to move toward a new constitution that will make it possible to start an inclusive political process in Syria. Russia spoke about this and I agree with this. I think this is the right approach because it will establish rules. We must move toward elections that will allow Syrians to decide their destiny in a sovereign manner. I agree with this as well. And it is necessary to do everything possible to allow Syrians to participate in these elections, including refugees in Jordan, Turkey and overseas. All this is a must. I think we agree on this as well.

Therefore, we should now come to terms with the representatives of the existing regime, including rebels (I met with them several weeks ago) and all democratic forces of the opposition. It is also essential to be in dialogue with all regional powers that are also interested in stability. Thus, dialogue with the regime and the forces of the democratic opposition, and contacts between the Astana group and the narrow group will make it possible to reach these goals. At any rate, the next few months will be decisive.

As for Ukraine, the Minsk Agreements form the foundation for resolving its problems. The Normandy format is very useful. We can use it at the level of heads of state and government when some results have been reached following the work of technical teams and ministers, results that can be discussed. This is a challenge because we must do this in the next few weeks. We will have to work in order to reach a new compromise and make progress on Donbass.

Finally, I hope to come and support our football team in your country. Maybe I will not be at the cup from the very start but if the French team makes it to the final, I will come to support them. Since I am an optimist by nature, I can say with confidence that I will probably be here to support our team in a few weeks. In this case I will be able to meet with President Putin again. I hope this will be linked with the success of the French team in football.

Thank you very much. See also: Russian-French talks May 24, 2018 , St Petersburg May 24, 2018, St Petersburg Standard website version News Speeches and transcripts Presidential Executive Office State Council Security Council Commissions and councils Site map Official website of the President of Russia [*www.kremlin.ru*](http://www.kremlin.ru)

Source: President of the Russian Federation website in English 1100 gmt 26 May 18

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[***Leaf Clean Energy Company Final Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PKR-24P1-JCXB-230X-00000-00&context=1516831)

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**Body**

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Leaf Clean Energy Company

29 September 2017

29 September 2017

Leaf Clean Energy Company

Results for the year ended 30 June 2017

The board of Leaf Clean Energy Company ("Leaf") announces the Leaf Group's results for the year ended 30 June 2017. The Annual Report for Leaf is also available to view on the Company's website ([*http://www.leafcleanenergy.com*](http://www.leafcleanenergy.com)).

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Cenkos Securities plc

Chairman's statement

Dear Shareholder:

Leaf Clean Energy Company's (the "Company" or "Leaf") current net asset value ("NAV") on 30 June 2017 was $88.3 million, $18.1 million lower than on 30 June 2016 ($3.5 million lower than on 31 December 2016). This change resulted from the comprehensive loss for the period, which consisted primarily of a $14.5 million loss on the revaluation in the carrying value of the portfolio companies, $3.5 million in transaction related costs primarily associated with the litigation against Invenergy, and $1.7 million of administration expenses. Such costs were offset in part by $1.8 million and $0.4 million reduction in the incentive ***plans*** expense and the net deferred tax liability, respectively, in each case resulting from the decrease in the carrying value of the investments. At the end of the period, $2.3 million of Leaf's NAV was held in cash and $101.4 million in investments. NAV per share for the Leaf Group was 74.71 cents or 57.49 pence at the period-end exchange rate of $1.30/GBP (current rate is $1.35/GBP). As reported on September 20, 2017, Leaf borrowed $2,000,000 from three lenders to increase its liquidity and to ensure that Leaf had adequate resources to pursue the litigation against Invenergy. The loan is described in more detail in the Management Report.

As I noted in the last three Chairman's Statements, the primary source of returns to shareholders will be derived from Leaf's investment in Invenergy Wind LLC, ("Invenergy"). As previously reported, Leaf brought an action against Invenergy in the Delaware Court of Chancery (the "Court") for breach of contract. In June of 2016, the Court ruled that Invenergy had breached the Third Amended and Restated Limited Liability Company Agreement governing the membership interests in Invenergy (the "Operating Agreement"). The Court's ruling did not determine the amount of damages to which Leaf is entitled. Leaf believes the damages, pursuant to a formula contained in the Operating Agreement, were $126.1 million on December 15, 2015, the date of the breach. Leaf believes such damages should be reduced by the $3.9 million previously reported tax distribution from Invenergy. Leaf also believes that, if it prevails in the litigation, it will be entitled to interest on the judgment at the Delaware statutory rate of interest of 6%, compounded quarterly, from the date of the breach. Invenergy disputes that Leaf is entitled to the damages Leaf is seeking and believes that Leaf is entitled, at most, to nominal damages. The Court has scheduled a trial for October 25-27, 2017, to determine the amount of Leaf's damages.

Invenergy has asserted that any obligation it owes to Leaf was excused because of the put/call process described in my previous statements. Invenergy called Leaf's interest in Invenergy on December 28, 2015. On the same day Leaf put its interest to Invenergy. Each party appointed a third-party appraiser to value Leaf's stake in Invenergy. The results were $73.1 million (from the appraiser appointed by Leaf) and $36.4 million (from the appraiser appointed by Invenergy). A third appraiser was retained jointly by Leaf and Invenergy to value Leaf's interest in Invenergy. The third appraisal was $42.5 million. Pursuant to the Operating Agreement, when that appraisal was complete, the average of the three appraisals, $50.7 million, should determine the price for Leaf's interest in Invenergy for the purposes of the put/call process. In a ruling on October 7, 2016, the Court determined that the put/call process did not excuse the above described litigation because the breach occurred prior to the exercise of either the put or the call. In another ruling, on October 10, 2016, the Court allowed Invenergy to amend its pleadings to assert a counterclaim against Leaf for allegedly causing Leaf's appraiser to provide a biased and inaccurate appraisal. The above-mentioned trial will also cover said counterclaim.

Because of the inherent risks associated with litigation, and collection if Leaf prevails, together with income taxes and transaction expenses associated with the judgement, the board of directors has valued the investment in Invenergy at $99.1 million as at June 30, 2017 and this is the value reflected in the Company's NAV of $88.3 million.

Given the uncertainty on the outcome of the litigation KPMG has not been able to obtain sufficient, appropriate audit evidence over the fair value of our investment in Invenergy. Further, because of the significance of Invenergy to the Company's portfolio, they have not been able to express an opinion on the consolidated financial statements. The Leaf Board is not aware of any other matters arising from their audit process which would have resulted in a qualified audit opinion.

Description of projects

Invenergy Renewables LLC ("Invenergy"). Invenergy develops, owns, and operates clean power generation facilities and storage solutions in the Americas, Europe and Asia. Invenergy continued its efforts to diversify its clean power generation portfolio through the acquisition of a solar facility in Latin America. Additionally, Invenergy announced a partnership with a large Japanese ***strategic*** firm in order to advance the company's project development initiatives across Japan. Invenergy also continued to drive growth across its core markets having commissioned a number of projects with aggregate capacity of approximately 265 megawatts. During the fiscal year, Invenergy completed the sale of two wind facilities in Texas as well as a large wind project in Ohio under a build-transfer sale arrangement.

Vital Renewable Energy Company ("VREC"), the owner of a sugar-cane-based facility in Brazil which ***produces*** ethanol and refined sugar completed a merger with an established Goias-based ***agricultural*** firm. The transaction stands to enhance VREC's ***strategic*** objective of building a larger-scale and fully integrated business while significantly strengthening the company's proprietary ***agricultural*** ***program***. The transaction will likely impact Leaf's ability to monetize this investment in the short to medium-term.

Lehigh Technologies, Inc. ("Lehigh"), the green materials company, experienced financial performance that was below expectations primarily driven by weakness in the tire and plastic segments. Lehigh continues to navigate around a challenging commodity market environment. Leaf is currently exploring options to monetize this investment.

Energía Escalona ("Escalona"), the hydroelectric project development company based in Mexico City, has substantially completed project development activities and is currently seeking to arrange debt and project equity financing. Leaf continues to explore its ***strategic*** options for this asset.

Continued operations

The Board of Leaf is actively exploring its options to realise the value of Lehigh and Escalona. As discussed above, we will own our share of VREC for some time. We have valued Lehigh and Escalona at our expectation of return in the near future. We valued VREC based upon a market multiples model. As to the Invenergy litigation, even if Leaf prevails at the Court of Chancery, Invenergy can appeal to the Delaware Supreme Court. Such an appeal would delay paying any award. With the addition of the loan, Leaf possesses the financial resources and the support of its major shareholders to pursue the litigation to its conclusion.

Mark Lerdal

Chairman

29 September 2017

Management report

Overview

During the year ended 30 June 2017, Leaf's management continued its work implementing Leaf's orderly realisation strategy (see Strategy below). These activities consisted of working with Leaf's legal counsel in pursuing the breach of contract claim filed by Leaf against its investee, Invenergy, and supporting the put/call appraisal process with Invenergy, while also monitoring Leaf's remaining investments with a view towards future realisation events for these holdings.

Leaf's portfolio consists of four remaining investments: Invenergy, VREC, Lehigh, and Escalona. Leaf is a minority holder in all of these investments with the exception of Escalona.

Strategy

The Leaf Group's investment strategy is an orderly realisation and return of capital to the shareholders, which will occur on an asset-by-asset basis in timeframes appropriate for each asset. The Leaf Board at its discretion will balance the goal of returning capital expediently to investors with the goal of maximising the realisation value of the investments.

Leaf's remaining holdings are all in the equity of unlisted companies. Therefore, realisations of these investments require the cooperation of the investee companies and of other investors as well as Leaf. In addition, the individual circumstances and market conditions surrounding each investment must be taken into account, affecting the timescale before which a particular investment can be realised. This means that some investments may be considered appropriate for sale in the short term, while others may be held for a longer period.

Leaf will not invest in any new portfolio companies, but may make additional investments in existing portfolio companies where required to preserve or enhance the realisation value of these investments.

Financial highlights

**Load-Date:** September 29, 2017

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[***-Cisco and network of partners to help address digital divide in the UK with 5G for rural communities***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S0C-GPB1-JD3Y-Y0N6-00000-00&context=1516831)

ENP Newswire

March 30, 2018 Friday

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**Body**

UK government funded testbed, 5G RuralFirst, to help the UK take a leading position in 5G, enabling some of the UK's disconnected, remote and rural communities to be the first to benefit from the technology,

Autonomous tractors and farmland drones, digital tools for small businesses and radio to your phones. All of which present tremendous opportunity for industry and rural communities in the UK, yet they are hindered by one thing. Connectivity. More specifically, a lack of secure, reliable mobile connectivity.

Geographically, only 63% of the UK has mobile data coverage from all of the four main providers (Ofcom), yet recent research highlights that increased usage of digital technologies in rural communities represents tens of billions of pounds' worth of opportunity for the UK economy. Still, today the business case for investment in connectivity crucial to make these digital technologies viable is challenged; it relies on outdated economic models for return on investment (ROI) that are unable to pre-empt the benefit of new technologies, whether for the nation or for business.

This is the challenge that 5G RuralFirst aims to help solve. It was announced by the UK Government Department for Digital, Culture, Media and Sport (DCMS) as a co-innovation project between industry, government and academia as part of the recent 5G testbed and trial competition to help position the UK as a global leader in 5G. As such, it will explore the benefits of 5G for rural communities and industries like ***agriculture***, broadcasting, and utilities. It will also look to address the barriers to, and build the business case for, investment in 5G rural deployment.

With Cisco as the named lead, and principal partner the University of Strathclyde, the network of 32 organisations includes some of the most innovative startups, tech leaders and academic institutions in the UK. The project will aim to create a complete end-to-end rural 5G testbed system for trials of new wireless and networking technologies, spectrum sharing, new applications and services; stimulating new business models, all with a focus on testing and demonstrating innovative approaches for ensuring that 5G connectivity is accessible and affordable in hard-to-reach rural areas.

Testbeds and trials for the project will primarily be based on the Orkney islands to the very north of Scotland, and the farmlands of Somerset and Shropshire. The locations will be linked to the distributed Cisco 5G cloud platform at DataVita's Tier III data centre facility near Glasgow and will collaborate with the wider 5G UK ecosystem with the University of Surrey 5G Innovation Centre (5GIC).

The project will look to support and inform the development of the UK's 5G eco-system so that it is able to address the needs and aspirations of communities and businesses in rural locations in ways that 4G, 3G, and 2G have not been able to do.

Key use cases

Broadcast radio delivered over 5G with the BBC - the BBC believes internet-based delivery will become increasingly important to broadcasting. It will use the 5G testbed on Orkney to trial the capabilities of 5G to deliver traditional radio and new forms of BBC audio content over these new technologies.

Smart farming in partnership with Agri-EPI Centre - 72% of the UK's area is utilised for ***agricultural*** production, and the agri-food sector is an important contributor to UK GVA (over GBP112B per annum) . The trial will help provide significant opportunities to transform UK ***agriculture*** into a smart, high-tech industry, through innovations in sensors & remote diagnostics, data collection, UAVs (drones), wider precision farming techniques and autonomous vehicles.

IoT in Utilities and Environment Management - Electrical utilities and energy providers (wind, wave and solar), water companies, environmental monitoring, oil and gas industries - all have requirements for both general reliable data communications alongside low bit-rate, but high reliability and high security data communications for IoT (internet of things) in very remote areas. This will be addressed via network slicing and network edge data aggregation for 5G networks, alongside coverage trials and investigation.

Dynamic Shared Spectrum development and trial - this potentially disruptive work led by the University of Strathclyde and others seeks to demonstrate the applicability of dynamic and shared spectrum technologies for 5G communications in rural areas, coupled with the deployment of low cost software-defined radio technologies, both with the intention of lowering the cost of future rural 5G communications deployment and presenting the opportunity for network self-provisioning.

Margot James, Minister for Digital and the Creative Industries said: 'New technology has the potential to transform business and society and we're determined nowhere in the UK will be left behind by a 5G future. These testbeds will show how our rural communities can harness the power of this revolution in connectivity, bringing benefits across ***agriculture***, industry and wider society.'

Nick Chrissos, Director of Innovation, Cisco Europe said: 'The UK currently ranks 5th in the world when it comes to our readiness to embrace digital. We have the ambition, the innovative heritage and the expert ecosystems to shape the UK's digital future, but to do so we have to address fundamental issues like making internet connectivity work for everyone. 5G RuralFirst looks to help close the digital divide in the UK. To uncover the opportunities and challenges faced in 5G deployment, and to ensure that it can do what other generations have yet to. It's not only about implementing the right technology in the right way. It's about designing networking technology intelligently from the very start. Giving careful consideration to critical issues like security; which becomes even more complex when you are connecting everything from drones to autonomous tractors.'

Professor Bob Stewart of the Centre for White Space Communication at the University of Strathclyde said:'After a number of years trialling with TV White Space shared spectrum, we now see the very clear opportunity for future 5G mobile and wireless radios and networks to support and use shared and dynamic spectrum access technologies. Working with innovative radio manufacturers and spectrum database providers we see very clear opportunity for shared spectrum to work effectively alongside the services and coverage from current licensed mobile spectrum and unlicensed (Wi-Fi) spectrum'

Dave Ross, CEO, Agri-EPI Centre said: 'As the UK centre for precision ***agriculture*** and engineering technology, we are delighted to be a ***strategic*** partner in 5G RuralFirst. The UK ***agricultural*** community is under pressure to ***produce*** more food, with less labour and less impact on the environment. Drones, autonomous vehicles, robotics and remote sensing and diagnostics will significantly change how we farm in the UK, but this innovation will only be possible if network connectivity in our rural areas is dramatically improved. Through a series of trials conducted by our 6 SME Agri-Tech partners, 5G RuralFirst will prove what would be possible in our ***agricultural*** sector and we hope will lead the way for investment and development in rural network connectivity and associated Agri-Tech services.'

Kieran Clifton, Director, Distribution & Business Development, BBC said: 'The BBC is delighted to be part of the 5G RuralFirst project. We're excited to be developing new ways to deliver both traditional radio and new forms of audio content around the UK and to help audiences get the best possible services in difficult to reach areas.'

NOTES TO EDITORS:

About the network of partners, including additional quotes:

The partners in the project cover the core areas of (i) 5G Core Network and Cloud Services, (ii) 5G Access Technologies and Dynamic Spectrum Access (iii) Broadcast Application, (vi) ***Agriculture*** Technologies, (vi) Industrial IoT, and (vii) Community, Infrastructure and Services.

5G Core Network and Cloud Services:

Cisco

Cisco (NASDAQ: CSCO) is the worldwide technology leader that has been making the Internet work since 1984. Our people, products, and partners help society securely connect and seize tomorrow's digital opportunity today. Discover more at newsroom.cisco.com and follow us on Twitter at @Cisco.

Today's announcement is the latest example of Cisco's commitment to support digitisation in the UK. Cisco's Country Digital Acceleration (CDA) strategy is a long-term partnership with government, industry and academia to deliver real outcomes faster and more effectively for the country.

Datavita

Datavita was founded in 2014 to operate the most resilient and physically secure datacentre in the north of the UK, just outside Glasgow. DataVita provide innovative colocation, connectivity and cloud services to a wide variety of organisations from small start-ups to global corporations.

Danny Quinn, Managing Director said 'At DataVita we're really looking forward to working with the 5G RuralFirst partners to develop next generation connectivity for Scotland'

Zeetta Networks

Zeetta Networks is an Open Networking software company that extracts greater efficiency and agility from a network while enhancing the end-user experience. Our main product, NetOS, is network orchestration software that provides a single, converged and secure platform for monitoring, managing and automating the operations of an ICT network.

Vassilis Seferidis, CEO: 'In the RuralFirst project we will be contributing our award-nominated NetOS platform, delivering an infrastructure capable of supporting multiple vendors, multiple technologies, and multiple tenants so they can access the benefits of 5G. By bringing together all network sub-systems (domains) under a centralised control, NetOS not only improves their operational efficiency but also enables better monetization of network resources via new applications and services. Our technology enables Network Operators to drive down roll-out and operational network costs while improving scalability and flexibility. '

University of Surrey, 5G Innovation Centre

University of Surrey 5GIC is the largest 5G open innovation academic/industry test bed in the world with 26 corporates and over 300 SMEs engaged in or wider network.

Prof Rahim Tafazolli, founder and Director of 5GIC, said, 'The 5GIC is delighted to give its support to this ***programme*** which will offer world leading insights into how the tremendous social and business benefits of 5G can be extended into more remote communities.'

Microsoft

Paul Mitchell, Microsoft, Senior Director, Internet Governance, CELA 'Connectivity is central to Microsoft's mission to empower every person and organization on the planet to achieve more and we're thrilled to be a part of the groundbreaking 5G Rural Coverage and Dynamic Spectrum Access testbed. We look forward to exploring how 5G and dynamic access technologies can improve coverage for rural areas and bring new opportunities such as precision ***agriculture*** and the Internet of Things to these communities.'

5G Radio Access Technology and Dynamic Spectrum Access:

University of Strathclyde, Centre for White Space Communication

University of Strathclyde, Centre for White Space Communication (CWSC) has been working for a number of years on rural wireless connectivity projects, starting with the first TV White Space network on the Isle of Bute testbed back in 2011. The Centre has extensive experience working on Software Defined Radio, and FPGA implementations, two technologies which will be key components of shared spectrum development and deployment.

Parallel Wireless

Parallel Wireless is on a mission to connect the 4 billion unconnected people with end-to-end 2G, 3G, and 4G Open RAN innovative solutions by making cellular deployments as easy and as cost-effective as Wi-Fi.

Steve Papa, Founder and CEO, Parallel Wireless said. 'We are proud of our role as a part of this ecosystem in enabling the world's first 5G RuralFirst testbed with ambition to foster rural wireless connectivity and new wireless services like connected farming, broadcasting, and connected utilities to successfully build the business case for investment in 5G in hard to reach areas.

Lime Microsystems

Lime Microsystems is the world's leading designer and manufacturer of field programmable RF transceivers. The company's software configurable chips can run any mobile standard and any mobile frequency and have been used in a vast array of systems including mobile base stations and small cells, SDR platforms, indoor navigation and machine-to-machine communication systems.

Lime CEO Ebrahim Bushehri commented 'Wireless innovation has been limited by access to affordable, easy-to-use, maintainable and programmable hardware. By making radio networks software configurable, Lime Microsystems is unleashing the next phase in virtualising wireless networks and bringing products that operators can use for future real-world deployments that can serve the communities from urban to rural areas equally'

pure LiFi & Edinburgh University

pureLiFi is the world leader in Light Fidelity (LiFi) innovation, enabling the communication of data through light. Established in 2012, pureLiFi is a spin-out from the University of Edinburgh, where its pioneering research into LiFi communication has been in development since 2008. In October 2017 pureLiFi Launched the LiFI-XC the most commercially ready LiFi system on the market. [*www.pureLiFi.com*](http://www.pureLiFi.com)

Professor Harald Haas, co-founder and chief scientific officer, pureLiFi Ltd., and Director LiFi R&D Centre, The University of Edinburgh, said:

'The U.K. has the opportunity to lead the world in 5G of which LiFi will play a key role in the fruition of this vision for a connected planet. Specifically, ordinary solar cells which for the first time will simultaneously harvest energy and receive high speed from distant light sources. In combination with LiFi providing connectivity to the end user light communications will help close the digital divide and provide unprecedented end-to-end data connectivity not only here in the U.K., but after a successful project this could be replicated globally.'

Heriot-Watt University

Founded in 1821, Heriot-Watt has a rich heritage and an established reputation as a leading research-led university and provider of education around the world. The university is truly global, with campuses in Scotland, Dubai and Malaysia.

Professor Cheng-Xiang Wang, School of Engineering and Physical Sciences, Heriot-Watt University, said: 'We hope to highlight the benefit of 5G in applying higher frequencies to enable new services and business opportunities for rural areas'

Fairspectrum

Fairspectrum is a leading provider of Dynamic Spectrum Access (DSA) solutions, which cover Television White Space (TVWS), Licensed Shared Access (LSA), and Citizen's Broadband Radio Service (CBRS).

Heikki Kokkinen, CEO of Fairspectrum: 'We hope to demonstrate the full potential of 5G in the sparsely populated areas by providing innovative spectrum sharing technology'.

Nominet

Nominet is driven by a commitment to use technology to improve connectivity, security and inclusivity online. For 20 years, Nominet has run the .UK internet infrastructure, developing an expertise in the Domain Name System (DNS) that now underpins sophisticated network analytics used by governments and enterprises to mitigate cyber threats. The company provides registry services for top level domains, and is exploring applications for a range of emerging technologies. A profit with a purpose company, Nominet supports initiatives that contribute to a vibrant digital future.

Russell Haworth, CEO Nominet: 'This is about making sure that 5G in rural areas isn't an afterthought. This is about deploying resources - in this case, 5G spectrum - more effectively by allocating it where needed in real time. Our global platform for dynamic spectrum management is a tried and tested way to help bring connectivity to remote areas that would otherwise be left behind.'

Telint

Dave Happy, Managing Director of Telint Ltd said 'As intelligent telecoms and spectrum specialists, Telint are delighted to be part of this ground breaking 5G project.'

BT

BT runs the UK's largest fixed network, and the largest mobile network - EE - with 4G coverage in more places than any other operator. In 2015, EE won the tender to deliver Britain's Emergency Services Network, which will see the operator deploy 4G coverage in more remote areas throughout 2018.

Broadcast Application

BBC:

The BBC is the oldest and largest broadcaster in the world and has been at the forefront of developing the future of broadcast technology since 1922; from the birth of radio and television, to the first steps into the digital world with Ceefax, BBC Online and BBC iPlayer. Current projects include pioneering internet-based broadcast networks and new forms of content, including VR, AR and object-based media.

Faoese Telecom/SHEFA

Faroese Telecom has vast experience installing mobile networks reaching 100% 4G coverage on the Faroe Islands and now doing 4.5G in all major cities. Shefa operates the Shefa-2 fibre optic submarine network bringing capacity to both Shetland and Orkney islands but also West of Shetland Oil & Gas assets.

CEO Jan Ziskasen: 'Facing rural areas as an everyday challenge operating both 4G, 4,5G and subsea fibre networks, Shefa / Faroese Telecom is proud to take part bringing new communications standards to Orkney'

***Agricultural*** Technology:

Agri-EPI Centre

Agri-EPI Centre is the UK lead centre for the adoption of precision ***agriculture*** and engineering technology, across the whole agrifood chain. It does this by providing world-class R&D facilities and business incubation; facilitating industry and academic partnerships and progressing cutting-edge sensing and imaging technologies, robotics and autonomous vehicles to create a new understanding of production efficiency.

Harper Adams University

Harper Adams University is a public university located close to the village of Edgmond, near Newport, in Shropshire, UK. Established in 1901, the university is a specialist provider of higher education for the ***agricultural*** and rural sector. The university provides more than 50 foundation degree, undergraduate and postgraduate degree ***programmes*** to students from over 30 countries.

Milkalyser

Milkalyser is an automated system which measures the fall of progesterone levels that occurs before ovulation in cows. Milkalyser technology can predict ovulation, allowing for optimal timing of artificial insemination - A typical farm could benefit by a net value of GBP150 per cow because of this innovation.

Professor Toby Mottram, CEO of Milkalyser said: 'We believe that the future of veterinary medicine in ***agriculture*** will rely on comprehensive information about the individual animal's health status and recent treatments being provided direct to the animal technician at the cow's side, via high speed data communications; animal welfare can be massively improved with reduced antimicrobial use by this approach.'

Kingshay

Dairy specialists Kingshay have been providing independent research, advice and services to milk ***producers*** for over 25 years including leading edge innovations such as HowsMyCow, our 3D imaging system to measure cow health, and Dairy Manager, the country's foremost dairy costings service measuring key health and economic inputs and outcomes.

Duncan Forbes, Kingshay's Dairy Research Director says 'We are proud to have developed the 180 cow state of the art dairy unit in Somerset which is one of the test beds for the 5G Rural First project. There are so many exciting opportunities presented by 5G to improve productivity, welfare and sustainability for the dairy farm of the future and we look forward to testing the technology and demonstrating its economic benefits here at the Somerset 5G test bed.'

Afimilk

Afimilk company's systems are installed and in use on thousands of farms in 50 countries across five continents. With hundreds of thousands of milk meters and millions of behaviour sensors installed, Afimilk sets the standards for dairy farming and management around the globe.

Precision Decisions

Precision Decisions grew out of a family farming business, and continues to offer comprehensive precision farming services based on sound agronomic and practical experience. Specialities across agronomy, engineering, software and customer service, working from new premises with dedicated workshops and development facilities.

Soil Essentials

SoilEssentials are a precision ***agriculture*** company, established by farmers, based in the North East of Scotland and operating throughout the UK. Precision solutions include soil sampling, yield analysis/monitoring and online mapping.

Hyperceptions

Hyperceptions will be providing specialist hyperspectral imaging and remote sensing services that will identify and quantify nutrients and quality attributes of pasture and crops. For remote diagnosis applications, these systems require very high bandwidth data transmission and Hyperceptions focus will be to explore the limits of the test bed capacity.

Industrial IoT:

CENSIS

CENSIS is the centre of excellence for Sensor and Imaging Systems (SIS) and Internet of Things (IoT) technologies. It enables industry innovators and university researchers to collaborate at the forefront of market-focused SIS and IoT innovation, developing products and services for global markets to create sustainable economic value in the Scottish economy.

Business Development Director, Mark Begbie says, 'CENSIS is excited about the benefits 5G will bring to the Internet of Things, particularly in the industrial domain. We believe the trials ***programme*** will demonstrate the transformative value 5G can bring to IoT in sectors including advanced manufacturing and ***agriculture***.'

Stream Technologies

Stream Technologies remains at the forefront of the development of innovative, enabling and management software technologies for eSIM orchestration and management of cellular connectivity. The team's depth of technical expertise, coupled with extensive experience in the IoT industry, makes Stream the world's most technically advanced enabler for eSIM and IoT connectivity.

Alan Tait, Chief Technology Officer 'Stream are excited to be part of this project to help enable 5G, it's one faster way to drive adoption and use cases by sponsoring vertical and regional deployments.'

Power Networks Demonstration Centre (PNDC)

The Power Networks Demonstration Centre is a venture founded by government, industrial and academic partners with the aim of accelerating the adoption of innovative research and technologies from early stage research into business as usual adoption by the electricity industry.

Community, Infrastructure and Services:

Cloudnet

Nikki Linklater, Director, Cloudnet 'As Scotland's First trialists in TVWS covering 1200Km2 in Orkney we delivered TVWS to rural homes and business as well as onto our North Isles Ferries internet connectivity. 5G is simply and extension to this with exciting times and challenges ahead. We look forward to delivering 5G for Orkney and rural communities.'

Orkney Islands Council

Orkney Islands Council is the local authority serving one of the UK's most northerly communities. The Council provides a broad range of services for people living across a scattered community of around 20 inhabited islands.

Council Leader James Stockan said: 'This is a community which embraces innovation - and we are all too aware that digital connectivity is crucial to the future economic prosperity of our islands. Those two factors make Orkney the perfect testbed for this important project - lessons learned in overcoming challenges here will benefit remote and rural areas like Orkney for many years to come.'

Scottish Futures Trust

As an infrastructure delivery company owned by Scottish Government, the Scottish Futures Trust works with the public and private sectors to help ***plan*** future investment, deliver major infrastructure ***programmes***, deploy innovative financing approaches to build new infrastructure as well as improve the management of existing buildings.

Derek Graham, ***programme*** director at the Scottish Futures Trust, said: 'We are working with partners to drive innovation and change ensuring the right mechanisms and commercial approaches are developed to facilitate the delivery of 5G ready infrastructure for Scotland. As the Chair for the Scottish Innovation ***Programme***, which includes Cisco. Strathclyde and BT among its founding members and is dedicated to investigate solutions for Scotland's digital connectivity challenges, we are delighted that the lead 5G Rural First partners were able to capitalise on this initiative to use it as a platform to build the wider consortium supporting their successful bid.'

Broadway Partners

Broadway Partners is a leading provider of broadband services to rural communities across the UK, and especially in Scotland and Wales. Using a combination of 5Ghz and TV WhiteSpace radio, it is uniquely capable of guaranteeing 100% superfast connectivity to all residents and businesses within its target areas.

Michael Armitage, Chairman and CEO, said: 'We are thrilled to be part of the 5G Rural First partnership, and we look forward to helping bring the future, faster to remote rural communities.'

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[***More Protection, Focus on Helping Vulnerable Groups Key to Achieving 2030 Agenda, Speakers Stress, as Social Development Commission Begins Annual Session***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJF-4371-JDG9-Y27G-00000-00&context=1516831)

Impact News Service

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**Body**

New York NY : Business Council for the United Nations has issued the following press release:

Conflicts, inequality, volatile financial markets, corruption, climate change challenges and health‑related threats were among the obstacles stymying progress on achieving sustainable development for all, delegates warned at the opening of the fifty‑sixth session of the Commission for Social Development, with many calling for sharpening the focus of national and global efforts to reach vulnerable groups. “Eradication of poverty in all its forms and dimensions, including extreme poverty, remains the greatest global challenge and an indispensable requirement for sustainable development, particularly in Africa and in the least developed countries, small island developing States, landlocked developing countries and in middle‑income countries,” said Ghada Waly, Minister for Social Solidarity of Egypt, speaking on behalf of the “Group of 77” developing countries and China, summing up a common view. In tackling obstacles to development gains, the Commission had a crucial role to play in identifying targeted strategies, ministers and representatives stressed. Gaps and inequalities persisted, cautioned some, expressing concerns about uneven progress and exchanging stories of success and challenges. Viet Nam’s delegate, speaking on behalf of the Association of Southeast Asian Nations (ASEAN), reported that innovation, inclusivity and international cooperation had kept the 2030 Agenda for Sustainable Development on track, with the number of people living in extreme poverty in the region dropping to 44 million in 2015 from 138 million in 2000. The representative of Equatorial Guinea, speaking for the African Group, said that despite multiple poverty eradication commitments and pledges, 390 million Africans remained mired in extreme poverty.

Obstacles needed to be overcome, including challenges related to poverty drivers such as economic slow‑downs, war and civil unrest. Further, international support and partnerships were needed to boost ongoing efforts, with stepped‑up investments from the private sector, civil society and the United Nations. More generally, the international community must boost cooperation and coordination, many delegates said. Similarly, Deputy Secretary‑General Amina J. Mohammed declared “this Commission has a key role in addressing these challenges”, calling on countries to empower people living in poverty and address the phenomenon’s root causes. Social policies that ensured social protection, including safety nets, could be crucial, she said, describing the current absence of such mechanisms in many countries as “unacceptable”. “I encourage you to be creative and to prioritize accelerating action” to help implement the 2030 Agenda, she said. Liu Zhenmin, Under‑Secretary‑General for Economic and Social Affairs, said that while the Commission was meeting at a time when the global economy continued to show signs of improvement, “economic growth is not enough”. While some 1.1 billion people had escaped poverty since 1990, many were still living barely above the absolute poverty line and remained at risk of falling below it again if impacted by disaster, illness, the loss of a job or lack of social protection. Going forward, it would be crucial to develop a comprehensive and integrated socioeconomic policy framework. Economic and Social Council President Marie Chatardová (Czech Republic) said the Commission’s deliberations on eradicating poverty would significantly contribute to the forthcoming United Nations high-level meeting on sustainable development. Policies ***produced*** during the session would serve to guide future generations, she continued, adding that the Economic and Social Council Youth Forum, which would begin on January 30, could benefit the Commission’s work by hearing young people’s perspectives. Agreeing, Commission Chair Nikulás Hannigan (Iceland), elected at the outset of the meeting, emphasized that the 2030 Agenda’s success depended on empowering all groups in society. “Let us seize this opportunity and strengthen international cooperation in implementing the 2030 Agenda, building on the achievements of the World Summit and the Millennium Development Goals and seeking to address their unfinished business,” he said. “Let us also ensure that this year’s resolution places a strong emphasis on social policies and strategies that have proved effective at eradicating poverty.” Daniela Bas, Director of the Division for Social Policy and Development of the Department of Economic and Social Affairs, introduced the United Nations Secretary‑General’s reports on ageing and poverty eradication strategies as well as a note by the Secretariat on emerging cross‑cutting issues, focusing on innovation and interconnectivity for social development. Delegates also debated strategies for eradicating poverty to achieve sustainable development for all during a high-level panel discussion moderated by Jane Barratt, Secretary‑General of the International Federation on Ageing. It featured a keynote address by Juan Somavía, Director of the Diplomatic Academy of Chile, and panellists Ana Helena Chacón Echeverría, Vice‑President of Costa Rica; Ghada Waly, Minister of Social Solidarity of Egypt; Mark Kamperhoff, Head of the Unit of European Union Coordination and International Affairs of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth of Germany; and Mark McGreevy, Group Chief Executive of DePaul International and the founder of the Institute of Global Homelessness. The fifty‑sixth session, which runs through 7 February, would feature several high‑level panel discussions on a range of issues. At the start of the meeting, the Commission adopted its provisional agenda (document E/CN.5/2018/1 and Corrigendum 1) and elected Mr. Hannigan as Chair and Lot Dzonzi (Malawi) and Mihaela Mecea (Romania) as Vice‑Chairs, with Ms. Mecea also serving as Rapporteur. Delivering statements today were ministers, senior officials and representatives of Bulgaria (for the European Union), Costa Rica (also for the Group on Ageing), Peru, Paraguay, Portugal, Egypt, Ghana and Guatemala. Also delivering statements were representatives of the NGO Committee for Social Development and of the European Union Youth Forum. The Commission will reconvene at 10 a.m Tuesday, 30 January, to continue its work. Introductory Remarks NIKULÁS HANNIGAN (Iceland), Chair of the fifty‑sixth session of the Commission for Social Development, said the success of the 2030 Agenda for Sustainable Development depended on empowering young people, persons with disabilities, older persons, indigenous peoples and families as rights holders and agents of change. While the Commission’s work constituted the basic framework for the promotion of social development for all, he warned that inequality was worsening within and among nations, with the World Inequality Report 2018 reporting that one per cent of the world’s people had twice as much income growth as the bottom half since 1980. Tackling such challenges would require effective social policies and strategies, including job creation, increased investments and tapping into the benefits reaped by globalization. Addressing elements of the session’s agenda, he noted that high‑level discussions would address aspects of sustainable development, and debates would consider issues such as the social dimensions of the New Partnership for Africa’s Development (NEPAD) and the situation of persons with disabilities, youth and older persons. As 2018 marked a policy‑focused session in the Commission’s two‑year cycle, its priority theme would be an action‑oriented draft resolution. “Let us seize this opportunity and strengthen international cooperation in implementing the 2030 Agenda, building on the achievements of the World Summit and the Millennium Development Goals and seeking to address their unfinished business,” he said. “Let us also ensure that this year’s resolution places a strong emphasis on social policies and strategies that have proved effective at eradicating poverty.” MARIE CHATARDOVÁ (Czech Republic), President of the Economic and Social Council, said the Commission’s work during the session would be critical to advance progress in other forums on sustainable development. Deliberations on eradicating poverty to ensure sustainable development for all would also significantly contribute to the 2018 high‑level meeting on related issues. Policies ***produced*** during the session would serve to guide future generations. Highlighting the Economic and Social Council Youth Forum, which would begin on Tuesday, she said the concurrent gatherings could be mutually beneficial. Youth representatives would also be sharing the forum’s activities, she continued, expressing hope that their contributions would benefit the Commission’s work. Commending the Commission’s work during its last session, she wished delegates success and voiced the Economic and Social Council’s support. AMINA J. MOHAMMED, Deputy Secretary‑General of the United Nations, said this year’s theme was particularly timely as the world sought transformative actions to implement the 2030 Agenda. “National development policies are now more likely to place people at the centre of development,” she said, outlining recent strides achieved at the national and global levels. However, the drop in extreme poverty remained uneven, and millions had slid back into poverty annually due to global shocks. Poverty remained pervasive among women, young people, indigenous persons and other vulnerable groups, and youth were suffering from unemployment that could leave them at risk of extremist recruitment. “This Commission has a key role in addressing these challenges,” she said, calling on countries to empower people living in poverty and address the phenomenon’s root causes. Social policies that ensured social protection, including safety nets, could be crucial, she said, describing the current absence of such mechanisms in many countries as “unacceptable”. This year, the Commission’s adoption of a resolution on its working methods — in particular, its alignment of the body’s work with the Economic and Social Council’s High‑Level Political Forum — would be crucial, she stressed, concluding: “I encourage you to be creative and to prioritize accelerating action” to help implement the 2030 Agenda. LIU ZHENMIN, Under‑Secretary‑General for Economic and Social Affairs, said poverty eradication was both a stand‑alone goal as well as an overarching theme mainstreamed throughout the 2030 Agenda. That agenda highlighted that people living in poverty and vulnerable situations faced barriers that hindered their ability to escape their lot, such as lack of access to education, health care, clean water and sanitation, affordable food and decent jobs. While the Commission was meeting at a time when the global economy continued to show signs of improvement, “economic growth is not enough”. While some 1.1 billion people had escaped poverty since 1990, many were still living barely above the absolute poverty line and remained at risk of falling below it again if impacted by disaster, illness, the loss of a job or lack of social protection. Going forward, it would be crucial to develop a comprehensive and integrated socioeconomic policy framework to eradicate poverty, supported by strong institutions, broad‑based participation and evidence‑based policymaking. Creative employment production and decent work for all were critical, as was addressing informality, irregular employment, low skills, and low‑wage traps. In addition, it would be important to invest in people’s skills and build the resilience of people living in poverty or vulnerable situations, including those living in places most vulnerable to climate change. DANIEL PERELL, NGO Committee for Social Development, said social protection was an essential tool, with Governments playing their part in ensuring related rights. However, implementing social protection schemes must be the result of meaningful consideration, taking into account local communities and their resources and aspirations. Any given scheme was a means, not an end, to bring about development in a manner aimed at the flourishing of communities. To bring about that development, the NGO Committee and civil society stood ready to support those goals with a view to achieving progress for all. LUIS ALVARADO MARTINEZ, youth representative of Spain and President of the European Union Youth Forum, provided a snapshot of young people today and those who had grown up during the Millennium Development Goal era, pointing out that the latter were now adults. Facts related to poverty today had demonstrated that clear strategies were needed to tackle the multidimensional nature of related challenges. Pointing to several areas of concern, he said strategies must focus on access to quality work, a guarantee of robust social protection and continued progress in political inclusion. “We generally face a lack of power,” he said, emphasizing that youth must be active participants, fully engaging in shaping policies that would guide their future. The eradication of poverty would only be achieved by focusing on the broad range of interconnected elements of sustainable development. “Let’s jointly work to achieve a better future,” he said. “Imagine what we could do together if young people were a full part of this conversation.” Introduction of Reports DANIELA BAS, Director, Division for Social Policy, Department of Economic and Social Affairs, introduced several reports of the Secretary‑General: “Strategies for eradicating poverty to achieve sustainable development for all” (document E/CN.5/2018/3); “Social Dimensions of the New Partnership for Africa’s Development” (document E/CN.5/2018/2); “Third review and appraisal of the Madrid International ***Plan*** of Action on Ageing, 2002” (document E/CN.5/2018/4) and “Implementation of the objectives of the International Year of the Family and its follow‑up processes” (document A/73/61-E/2018/4), as well as a note by the Secretariat titled, “Emerging issues: towards sustainable and resilient societies: innovation and interconnectivity for social development” (document E/CN/5/2018/5). On the former, she said the report provided a review of progress made to date to eradicate poverty and discussed strategies that countries were implementing to achieve that goal for people everywhere. It emphasized that poverty eradication required political commitment as well as realistic and determined social and economic policymaking and implementation, among other critical elements. It further emphasized the importance of ensuring policy coherence and coordination across sectors. The report on NEPAD made several recommendations aimed at accelerating Africa’s progress in implementing development ***programmes*** and priorities, including the scaling up of social protection schemes, promoting structural transformation and investing in ***agriculture***. Noting that the Commission would, on 31 January, hold a high‑level panel discussion related to the evidence‑based mainstreaming of disability in the 2030 Agenda’s implementation, monitoring and evaluation, she then turned to the Secretary‑General’s report on ageing, on which another high‑level panel would be held on the same day. That report presented the conclusions of the third review and appraisal carried out by Member States and coordinated through the regional commissions, identified major trends and roadblocks to implementation in the regions, and listed future areas of focus for regional policy. Outlining a number of the reports’ recommendations, she said the report on implementing the objectives of the International Year of the Family focused on recent initiatives to create national frameworks and institutions for the design, implementation and monitoring of family policies and ***programmes***, such as those supporting work‑family balance. Meanwhile, the Secretary‑General’s note on sustainable and resilient societies — prepared ahead of a high‑level panel discussion to be held on 30 January — identified emerging trends in innovation and technology, highlighting both the opportunities and challenges they presented and offering a set of policy recommendations. Statements GHADA WALY, Minister for Social Solidarity of Egypt, speaking on behalf of the “Group of 77” developing countries and China, said Sustainable Development Goal 1 on ending poverty should not be considered as an individual goal but in light of its interlinkages with all the 2030 Agenda’s other goals and targets. “Eradication of poverty in all its forms and dimensions, including extreme poverty, remains the greatest global challenge and an indispensable requirement for sustainable development, particularly in Africa and in the least developed countries, small island developing States, landlocked developing countries and in middle‑income countries,” she stressed, also spotlighting the needs of countries and peoples living under colonial and foreign occupation and countries in conflict and post‑conflict situations. The Copenhagen Declaration on Social Development and ***Programme*** of Action of the World Summit for Social Development — along with further initiatives adopted by the General Assembly at its twenty‑fourth special session and the Commission’s own discussions — constituted the basic framework for the promotion of social development at the national, regional and international levels. Expressing concern over the uneven progress achieved to date in ensuring full and productive employment and decent work for all, she emphasized the importance of strengthening social policies that paid attention to the specific needs of disadvantaged groups such as children, youth, older persons, persons with disabilities, people living with HIV/AIDS, indigenous persons, migrants, refugees, internally displaced persons and others. The international community also had an obligation to remove obstacles to the full realization of the rights of peoples to self‑determination, especially those living under colonial and foreign occupation and other forms of alien domination. Calling for the empowerment of older persons, she welcomed progress towards implementing NEPAD priorities in Africa, and underscored the crucial role of North‑South, South‑South and triangular international cooperation. Concluding, she said the Commission could feed into the discussions of the High‑Level Political Forum on “transformation towards sustainable and resilient societies”, including promoting social policies that ensured innovation, interconnectivity and inclusion. GEORGI PANAYOTOV, European Union delegation, said that the Sustainable Development Goals should be fully integrated into the European policy framework. The European Pillar of Social Rights had anchored a strong social dimension in the future of the European Union. The Pillar put forward common values and set out 20 principles and rights in order to positively impact people’s lives and ensure that no one was left behind. It confirmed that young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within four months of becoming unemployed or leaving education, for example. It also confirmed that persons with disabilities had the right to income support to ensure that they could live in dignity, with access to services that enabled them to participate in the labour market and in society. The European Union remained fully committed to implementing the 2030 Agenda abroad as well, he said. The new European Consensus on Development sought to support the achievement of all 17 Sustainable Development Goals in an integrated manner. It also underlined the intention to work more strongly and effectively will all partners, including countries at all stages of development. The European Union would continue to target its assistance to the least developed and conflict‑affected countries, and also to strengthen its partnerships with middle‑income countries, including the more advanced developing countries. NGUYEN PHOUNG NGA (Viet Nam), speaking on behalf of the Association of Southeast Asian Nations (ASEAN) and associating himself with the Group of 77, said the number of people living in extreme poverty in the ASEAN region was on track to be under 25 million in 2030, compared with 138 million in 2000 and 44 million in 2015. Such progress could be attributed to innovation, inclusivity and international cooperation, she said, citing several ASEAN initiatives aimed at promoting science and technology, inclusive communities, women’s economic empowerment, youth development and the rights of women and children. ASEAN was also developing a regional ***plan*** of action for implementing the Kuala Lumpur Declaration on Ageing: Empowering Older Persons in ASEAN. Meanwhile, an inclusive business framework sought to mainstream market‑driven solutions to poverty reduction, economic empowerment and social impact. Emphasizing the role of cooperation with external partners in poverty alleviation, she said ASEAN and the United Nations had been working closely to align the ASEAN Community Vision 2025 and the 2030 Agenda. Poverty eradication, resilience, infrastructure, sustainable consumption and production, and sustainable management of natural resources had been identified as priorities for leveraging the complementary aspects of those two agendas. Synergies would help intensify efforts to eradicate all forms of poverty by 2030 and raise living standards. The Statement on Cooperation in Poverty Alleviation, adopted at the East Asia Summit last year, would serve as a framework to increase mutual support and assistance, strengthen the means of implementation and promote global partnership for sustainable development, she said. MELE COLIFA (Equatorial Guinea), speaking on behalf of the African Group, endorsed the Group of 77, saying that poverty was the root of many ills and threatened economic growth. Despite multiple poverty eradication commitments and pledges against a backdrop of 1.3 billion people having escaped extreme poverty, 390 million Africans remained destitute. Obstacles needed to be overcome, she said, including challenges related to poverty drivers such as economic slow‑downs, war and civil unrest. Several efforts were making progress, including the African Union’s 2002 Protocol on Peace and Security, the Silencing the Guns initiative and the Agenda 2063. However, breaking the cycle of poverty in Africa required, among other things, full employment and decent work for all, she said. Young people were particularly affected by the current trends, with large numbers lacking education, jobs and skills. The African Union Commission was currently shaping a framework for a decade‑long strategy. The 2030 Agenda had set lofty goals, with Governments tackling challenges within and across borders. In Africa, many efforts were under way, from increasing school enrolment to meeting the needs of persons with disabilities. Yet, international support and partnerships were needed to boost those efforts, with stepped‑up investments from the private sector, civil society and the United Nations. Among recent developments, NEPAD was making strides and other endeavours were focusing on fields including infrastructure and job creation. ANA HELENA CHACÓN ECHEVERRÍA, Vice‑President of Costa Rica, speaking on behalf of the Group of Friends of Older Persons, said the increasing number of older persons around the world and the growing trend towards ageing societies represented a significant challenge to demographic structures as well as to the three dimensions of sustainable development. Noting that societies could benefit from the many contributions of older persons — whose numbers were projected to reach 1.4 billion globally by 2030 — she underlined the urgency of ensuring their social inclusion and integration as well as their full participation in all aspects of civil, political, economic, social and cultural life. Older persons must be fully empowered, ensuring that they were not only recipients of special care and social protection but also active agents and beneficiaries of change. Calling for the mainstreaming of issues related to older persons into development policies, she noted with concern that major constraints remained, including in the implementation of the Madrid International ***Plan*** of Action on Ageing. A rights‑based perspective on ageing was needed and must find its place in the policy approaches of every State. Speaking in her national capacity, she said the Commission’s efforts over recent years had been closely aligned with those of her own tenure as Costa Rica’s Vice‑President. Noting that her term would soon end, she reflected that too little had been accomplished, adding “we must commit to accelerating and doing a little better every day”. Indeed, all delegations were duty‑bound to be the voice of the most vulnerable and “we cannot let them down”. Fundamental rights and freedoms should be expanded, allowing people to take control of their own destinies, while States must create more opportunities to succeed. Just as the Commission’s work had allowed her to engage in soul‑searching and reflection, she encouraged all delegates to do the same, underlining the enormous urgency of meeting the goals and targets of the 2030 Agenda. For its part, Costa Rica had firmly embraced those commitments, including by establishing a multidimensional poverty index, bolstering investments in education and technology and delivering rights to women; lesbian, gay, bisexual, transgender and questioning individuals; indigenous persons and others. Emphasizing that social development was more fragile and diverse than economic development, she said people must always be put ahead of politics and power grabs, and leaders must forge societies that allowed all people to pursue their dreams. JORGE MELÉNDEZ CELIS, Minister for Development and Social Inclusion of Peru, said despite his country’s middle‑income status, more than 6 million people lived in poverty. Progress was being witnessed too often alongside levels of great inequality, with wealth unevenly spread and climate change‑related incidents pulling people back into poverty. Government efforts were aimed at making improvements, including guaranteeing early childhood development services and boosting access to opportunities among indigenous communities. Additional initiatives targeted vulnerable groups, aiming at ensuring hard‑won development gains were not lost over challenges including climate change. To achieve those goals, State action was not enough and partnerships were needed with private sector and civil society partners. Further, all middle‑income countries should be adequately supported to ensure that they themselves did not reverse back into poverty. HÉCTOR CÁRDENAS, Minister for Social Action of Paraguay, said poverty eradication challenges required creative and innovative initiatives. Paraguay’s national indicators had demonstrated a reduction in extreme poverty, to 5 per cent in 2016 from 7 per cent in 2012, while social investments were making further gains, including cash transfer ***programmes***, food allowances for older persons, housing construction for low‑income families and new initiatives aimed at preventing people from sliding back into poverty. For instance, digital cash transfers were now reaching those who had difficulties accessing traditional banks, but could use their mobile phones to manage their finances. Reducing inequality and fostering social inclusion were among the principles behind efforts to achieve sustainable development for all, he said. JOSÉ ANTÓNIO VIEIRA DA SILVA, Minister of Labour, Solidarity and Social Security of Portugal, associating himself with the European Union, said poverty eradication was a priority for any economy that aspired to be competitive and sustainable. It required, in the medium- and long‑term, ***strategic***, integrated and coherent measures which covered all political and territorial dimensions and all population groups. He emphasized the importance of comprehensive educational systems, inclusive and sustainable labour markets and more effective and efficient social protection systems. Those priorities shared the sustainability of development as a common fundamental concern, he said, underscoring the value of new jobs in the green economy and circular economy as well as citizens’ skills and the balanced use of public resources, including social protection systems. In response to increased poverty during the recent economic crisis in Portugal, the Government reinforced integrated policy measures which combined the recovery of disposable family incomes with incentives to promote labour market entrance and permanence. One example was a social insertion income for those living in extreme poverty, composed of cash transfers for meeting basic needs as well as a ***programme*** to support the social, labor and community integration of beneficiaries. Updating the minimum wage also contributed to reducing inequalities. On United Nations ***plans*** and ***programmes*** of action pertaining to the situation of social groups, he said particular focus should be given to women. Ms. WALY, delivering a national statement on behalf of Egypt, described her country’s “Vision 2030” to achieve sustainable development, noting that it put in place economic reforms tackling challenges to Egypt’s economy. Among other things, it provided unconditional cash assistance to the elderly and those with other special needs, expanded and partially subsidized housing and worked to rebuild slums. Universal health insurance was gradually being put in place across the country and there was now a quota for women in Parliament. In addition, she said, heavier sentences were in place for perpetrators of violence against women and harassment, and Egypt had enacted its first law to protect the rights of persons with disabilities. Food assistance had been provided to more than 75 million Egyptians, while microfinancing schemes were providing funding to many small businesses across the country. Recalling that Arab ministers had recently held their first regional conference on the achievement of the Sustainable Development Goals, she said the Ministerial Council had issued its first report on that topic with the support of the United Nations Development ***Programme*** (UNDP) and other partners. OTIKO AFISAH DJABA, Minister for Gender, Children and Social Protection of Ghana, said economic growth over two decades, coupled with social ***interventions*** for the poor and vulnerable, helped Ghana to halve poverty under the Millennium Development Goals. Regional disparities and inequalities among socioeconomic groups remained, however, she said, citing the example of a 23‑year‑woman who, despite a tertiary education, had no job, a deceased father and a mother who barely made ends by selling chewing sticks. Ghana was currently developing legislation to ensure sustainable funding and effective implementation of its National Social Protection Policy. It was also establishing a database that would be the primary mechanism for selecting beneficiary households. A cash transfer ***programme***, started in 2008 with 1,645 beneficiaries, was projected to reach 450,000 households this year, while a labour‑intensive public works ***programme*** had provided temporary employment to 167,233 people, most of them women. However, cash and in‑kind transfers alone would not provide a way out of poverty without sustainable livelihoods, income generation and employment, she said, explaining that her Government was developing a more robust productive inclusion strategy that would provide a more sustainable means of addressing extreme poverty and vulnerability. ALCIDES RENÉ OBREGÓN MUÑOZ, Minister for Social Development of Guatemala, associating himself with the Group of 77 and the Group of F

riends of Older Persons, said that as a middle‑income country, Guatemala faced several structural gaps, food insecurity and other challenges that affected the most vulnerable. Calling for strategies to address insecurity, inequality and climate change, among other major issues, he warned against a siloed approach. “We need a new focus to ensure that we can tackle what are increasingly interconnected problems,” he stressed, noting that the 2030 Agenda was the “fruit of consensus” and should guide countries to work together. Indeed, that road map should be followed to protect the most vulnerable around the world and ensure that they benefited from the fruits of development. A combination of policies was needed, including the strengthening and reshaping of trade and workplace policies and boosting employment opportunities. Guatemala had put in place modern policies in those areas that were focused on job creation, and was reforming its national infrastructure as part of a more open, transparent approach to policymaking. Panel I This afternoon, the Commission held the first in a series of high‑level panel discussions to be convened throughout its session. Today’s session on the theme “Strategies for eradicating poverty to achieve sustainable development for all” was moderated by Jane Barratt, Secretary‑General of the International Federation on Ageing, and featured four panellists: Ana Helena Chacón Echeverría, Vice‑President of Costa Rica; Ghada Waly, Minister for Social Solidarity of Egypt; Mark Kamperhoff, Head of Unit, European Union Coordination and International Affairs, Federal Ministry for Family Affairs, Senior Citizens, Women and Youth of Germany; and Mark McGreevy, Group Chief Executive of DePaul International and the founder of the Institute of Global Homelessness. Juan Somavía, Director of the Diplomatic Academy of Chile, former Special Adviser to the Secretary‑General on Interregional Policy Cooperation, former President of the Economic and Social Council and former Director General of the International Labour Organization (ILO), delivered a keynote address at the meeting’s outset. Describing the 2030 Agenda as a “three‑legged stool” with one leg that remained flimsy, he said countries around the globe faced serious economic challenges while the United Nations system lacked the depth and technical know‑how that underpinned its work in the social and environmental arenas. Indeed, specific economic obstacles were impacting global markets and driving inequality, he said, adding that more attention should be paid to the 17 Sustainable Development Goals’ multidimensional character. Noting that the Department of Economic and Social Affairs could play a major convening role in driving new types of thinking, he emphasized that poverty was not just about economic factors, but must be managed politically. The United Nations system must prepare to help Governments “bite that bullet”, he said, calling for a completely new mindset that rejected sectoral divisions in favour of a more holistic approach. Also urging a tailored region‑by‑region approach, more participatory processes and an urgent push for gender equality, he called for more space for technical discussions during the Economic and Social Council’s High‑Level Political Forum and proposed that a system‑wide ***strategic*** document be drafted to help bring together the disparate elements of sustainable development. The Commission itself remained critically important and must continue to carry weight even against the backdrop of new bodies and agendas, he said, adding: “You have an enormous and beautiful job in front of you.” Ms. BARRATT, agreeing that the 2030 Agenda was both complex and interlinked, said she had been struck by Mr. Somavía’s message that parts of the agenda were in fact fragile and deeply vulnerable. Delegates should reflect on “who we are as representatives” and examine how they could translate those deeply felt messages into specific policies for their people. Ms. CHACÓN, underlining the fact that the world was suffering more from inequality than ever before, stressed that Governments must work to give people back their dignity and freedoms through the enjoyment of human rights. Sustainable development policies must have human development and gender equality at their heart, as 50 per cent of the world’s population was still not living on an equal footing with the other half of humanity. “We are not all as committed as we should be,” she said. In Costa Rica, a holistic approach had been put in place, including social mapping aimed at identifying areas where the greatest poverty existed, and a multidimensional poverty index which took into account such factors as access to housing, education, health and social protection. Those and other efforts had helped the country make progress towards ensuring the human rights and well‑being of all people, and had reduced extreme poverty to 5.7 per cent in recent years. Indeed, Costa Rica was working to abandon outdated “palliative measures” in favour of modern social policies based on technical criteria, funded by earmarked resources and supported by strong political will. Ms. WALY, outlining a number of development challenges facing Egypt, spotlighted slow economic growth and high inflation rates, high levels of malnutrition in some areas, early marriages, low or non‑existent female employment levels and inefficient organizations and institutions. In response to those issues, the Government had begun to distribute cash transfers to women and others in need and had created a database that collected and analysed information on the various dimensions of poverty. Noting that technology could also be used in training and to fight corruption, she said connecting people to safe water, sanitation and better health care enabled them to pursue better lives. Meanwhile, the Government continued to foster the inclusion of women, training them in such work as the production of crafts and other items. Underlining the importance of safety, security and stability — including good governance — she warned that conflicts and displacement would negatively impact the outcome of the 2030 Agenda. “Societies need to feel safe in order to engage in development,” she concluded. Mr. KAMPERHOFF, also sharing some of Germany’s anti‑poverty policies, said the country’s new national sustainable development strategy brought the Sustainable Development Goals to a practical level. Among other challenges, that strategy aimed to tackle social discrimination, exclusion and lack of participation in decision‑making, all of which contributed to poverty. Recalling that Germany had introduced a minimum living wage in 2105, he said fighting poverty also required ensuring decent jobs, which helped entire families thrive. A “parental allowance plus” system had been introduced, making the reconciliation of work and family care easier. Sound childcare facilities were critical in that regard, he said, noting that Germany aimed to have 35 per cent of children up to two years of age in quality childcare facilities by 2030. It was also working to reduce the gender pay gap and increase wage transparency, and had set quotas for women in executive and other high‑ranking positions. Mr. MCGREEVY, drawing attention to persons who suffered from street homelessness as a population at high risk of neglect around the world, said unsheltered homelessness was growing in many places — both poor and wealthy — and the issue was often overlooked in policymaking. Data collection on street homelessness was nearly non‑existent. Shelter and housing were crucial for people to address other causes and effects of poverty, he said, describing street poverty as “death‑including poverty”. Street homelessness was also often related to discrimination and other challenges, such as vulnerability to climate‑related events and lack of access to basic services. Stressing that it was in fact possible to end street homelessness, he said his organization was working in some 50 countries and had made promising strides around the world. Clear goals and targets were required, as were citywide or national strategies that included both prevention and response activities and an adequate supply of safe and affordable shelter. In addition, existing poverty reduction strategies should be amended to include the issue of street homelessness, and an indicator on the issue could be included among the Sustainable Development Goal targets, he said. Briefly responding to a question posed by Ms. Barratt about data collection, Ms. CHACÓN ECHEVERRÍA said evidence‑based data was critical for decision‑making. Ms. WALY, noting that data was lacking on street children in Egypt, described the use of innovative mobile units to help reach them with social services. Mr. MCGREEVY said one‑on‑one interviews with street homeless people could help officials better understand the phenomenon. In the ensuing interactive discussion, delegates from around the globe shared their experiences in combating poverty and its various dimensions. Conversations also emerged about such issues as employment policies, national debt burdens and the importance of social protection systems, with panellists responding to several questions from the floor. A number of speakers drew attention to the needs of specific groups at high risk of poverty, including rural dwellers, persons with disabilities and others. A representative of the National Council for the Elderly of Costa Rica spotlighted the particular needs of people suffering from dementia and Alzheimer’s disease — many of whom lived in poverty — and urged countries to help reintegrate them into society. Those persons must be taken into account in anti‑poverty campaigns and never institutionalized or neglected, she said. The representative of Namibia underscored the need to reach people working in the informal employment sector, who should benefit equally from national social protection measures. He asked the panellists whether they could describe any successful case studies in that regard. Many delegates echoed the panellists’ emphasis on the importance of employment, including as a marker of pride, identity and empowerment. The Minister for State for Family and Youth Affairs of Hungary said an entire generation of children in her country had grown up without seeing their parents go to work, with extremely negative consequences. Hungary now placed a strong emphasis on policies aimed at ensuring decent jobs for its people. In that regard, Mr. MCGREEVY agreed that a decent job underpinned many other aspects of life, including creating role models for children, ensuring people’s ability to participate in the economy, and allowing them to care for others. The representative of the European Union said labour market exclusion, especially for young people, continued to increase poverty levels. While more decent jobs and policies that prioritized inclusion and economic growth had the best chance of lifting people out of poverty, social protection was equally critical. In that spirit, the European Union had laid out a set of 20 key principles to support fair labour markets, including many aimed to ensure effective social protection schemes. The theme of social protection resounded throughout the discussion. A representative of the non‑governmental community emphasized that too many Governments viewed social protection as “charity” or a “reward” for their political allies, adding that Africa was particularly vulnerable because many administrations remained in power too long and forgot about their most vulnerable citizens. For that reason, he stressed that social protection should be legally enshrined in national constitutions, and asked the panellists how Governments could be persuaded to view social protection as a right and legislate it as such. Ms. CHACÓN ECHEVERRÍA, responding to a question posed by the representative of El Salvador, who asked whether Costa Rica had undertaken any independent impact studies to measure the effects of its anti‑poverty policies, agreed that external evaluations were critical to objectively determining whether measures were working on the ground. Outlining some of the data emerging from her country, she added that more had been gathered and was widely available. Morocco’s delegate said countries of the global South were still suffering from development challenges due to a lack of political commitment from its development partners. In that respect, she asked the panellists to address the issue of poverty from the perspective of debt‑burdened developing countries. Responding, Mr. SOMAVÍA said many global financial institutions required States to repay their debts as quickly as possible before lending to them, which negatively impacted anti‑poverty efforts. That issue was just one important reason he had advocated, in his keynote address, for a broad rethinking of the global economy, especially in the areas of trade and investments. The panellists also delivered brief closing remarks, with Ms. CHACÓN ECHEVERRÍA saying that Costa Rica was making progress toward implementing the Sustainable Development Goals. Ms. WALY also expressed optimism about countries’ implementation efforts, but reminded delegates that countries and sectors needed to work together to achieve sustainable development targets. Mr. KAMPERHOFF emphasized that Germany’s sustainable development policy was expressly aligned with the 17 global goals, and underlined such thematic priorities as addressing human trafficking. Mr. MCGREEVY called for more sensible discussions about compromise and “the common good”, emphasizing that not everything should be about profit. Mr. SOMAVÍA agreed that inequality was “the major issue of our time”, stressing that the Commission had the important mandate to examine that phenomenon. Also participating were the representatives of Mexico, Cuba, Brazil and South Africa, as well as several other non‑governmental organizations.

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[***-Cisco and network of partners to help address digital divide in the UK with 5G for rural communities***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S12-CXR1-JD3Y-Y25M-00000-00&context=1516831)

ENP Newswire

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**Body**

UK government funded testbed, 5G RuralFirst, to help the UK take a leading position in 5G, enabling some of the UK's disconnected, remote and rural communities to be the first to benefit from the technology,

Autonomous tractors and farmland drones, digital tools for small businesses and radio to your phones. All of which present tremendous opportunity for industry and rural communities in the UK, yet they are hindered by one thing. Connectivity. More specifically, a lack of secure, reliable mobile connectivity.

Geographically, only 63% of the UK has mobile data coverage from all of the four main providers (Ofcom), yet recent research highlights that increased usage of digital technologies in rural communities represents tens of billions of pounds' worth of opportunity for the UK economy. Still, today the business case for investment in connectivity crucial to make these digital technologies viable is challenged; it relies on outdated economic models for return on investment (ROI) that are unable to pre-empt the benefit of new technologies, whether for the nation or for business.

This is the challenge that 5G RuralFirst aims to help solve. It was announced by the UK Government Department for Digital, Culture, Media and Sport (DCMS) as a co-innovation project between industry, government and academia as part of the recent 5G testbed and trial competition to help position the UK as a global leader in 5G. As such, it will explore the benefits of 5G for rural communities and industries like ***agriculture***, broadcasting, and utilities. It will also look to address the barriers to, and build the business case for, investment in 5G rural deployment.

With Cisco as the named lead, and principal partner the University of Strathclyde, the network of 32 organisations includes some of the most innovative startups, tech leaders and academic institutions in the UK. The project will aim to create a complete end-to-end rural 5G testbed system for trials of new wireless and networking technologies, spectrum sharing, new applications and services; stimulating new business models, all with a focus on testing and demonstrating innovative approaches for ensuring that 5G connectivity is accessible and affordable in hard-to-reach rural areas.

Testbeds and trials for the project will primarily be based on the Orkney islands to the very north of Scotland, and the farmlands of Somerset and Shropshire. The locations will be linked to the distributed Cisco 5G cloud platform at DataVita's Tier III data centre facility near Glasgow and will collaborate with the wider 5G UK ecosystem with the University of Surrey 5G Innovation Centre (5GIC).

The project will look to support and inform the development of the UK's 5G eco-system so that it is able to address the needs and aspirations of communities and businesses in rural locations in ways that 4G, 3G, and 2G have not been able to do.

Key use cases

Broadcast radio delivered over 5G with the BBC - the BBC believes internet-based delivery will become increasingly important to broadcasting. It will use the 5G testbed on Orkney to trial the capabilities of 5G to deliver traditional radio and new forms of BBC audio content over these new technologies.

Smart farming in partnership with Agri-EPI Centre - 72% of the UK's area is utilised for ***agricultural*** production, and the agri-food sector is an important contributor to UK GVA (over GBP112B per annum) . The trial will help provide significant opportunities to transform UK ***agriculture*** into a smart, high-tech industry, through innovations in sensors & remote diagnostics, data collection, UAVs (drones), wider precision farming techniques and autonomous vehicles.

IoT in Utilities and Environment Management - Electrical utilities and energy providers (wind, wave and solar), water companies, environmental monitoring, oil and gas industries - all have requirements for both general reliable data communications alongside low bit-rate, but high reliability and high security data communications for IoT (internet of things) in very remote areas. This will be addressed via network slicing and network edge data aggregation for 5G networks, alongside coverage trials and investigation.

Dynamic Shared Spectrum development and trial - this potentially disruptive work led by the University of Strathclyde and others seeks to demonstrate the applicability of dynamic and shared spectrum technologies for 5G communications in rural areas, coupled with the deployment of low cost software-defined radio technologies, both with the intention of lowering the cost of future rural 5G communications deployment and presenting the opportunity for network self-provisioning.

Margot James, Minister for Digital and the Creative Industries said: 'New technology has the potential to transform business and society and we're determined nowhere in the UK will be left behind by a 5G future. These testbeds will show how our rural communities can harness the power of this revolution in connectivity, bringing benefits across ***agriculture***, industry and wider society.'

Nick Chrissos, Director of Innovation, Cisco Europe said: 'The UK currently ranks 5th in the world when it comes to our readiness to embrace digital. We have the ambition, the innovative heritage and the expert ecosystems to shape the UK's digital future, but to do so we have to address fundamental issues like making internet connectivity work for everyone. 5G RuralFirst looks to help close the digital divide in the UK. To uncover the opportunities and challenges faced in 5G deployment, and to ensure that it can do what other generations have yet to. It's not only about implementing the right technology in the right way. It's about designing networking technology intelligently from the very start. Giving careful consideration to critical issues like security; which becomes even more complex when you are connecting everything from drones to autonomous tractors.'

Professor Bob Stewart of the Centre for White Space Communication at the University of Strathclyde said:'After a number of years trialling with TV White Space shared spectrum, we now see the very clear opportunity for future 5G mobile and wireless radios and networks to support and use shared and dynamic spectrum access technologies. Working with innovative radio manufacturers and spectrum database providers we see very clear opportunity for shared spectrum to work effectively alongside the services and coverage from current licensed mobile spectrum and unlicensed (Wi-Fi) spectrum'

Dave Ross, CEO, Agri-EPI Centre said: 'As the UK centre for precision ***agriculture*** and engineering technology, we are delighted to be a ***strategic*** partner in 5G RuralFirst. The UK ***agricultural*** community is under pressure to ***produce*** more food, with less labour and less impact on the environment. Drones, autonomous vehicles, robotics and remote sensing and diagnostics will significantly change how we farm in the UK, but this innovation will only be possible if network connectivity in our rural areas is dramatically improved. Through a series of trials conducted by our 6 SME Agri-Tech partners, 5G RuralFirst will prove what would be possible in our ***agricultural*** sector and we hope will lead the way for investment and development in rural network connectivity and associated Agri-Tech services.'

Kieran Clifton, Director, Distribution & Business Development, BBC said: 'The BBC is delighted to be part of the 5G RuralFirst project. We're excited to be developing new ways to deliver both traditional radio and new forms of audio content around the UK and to help audiences get the best possible services in difficult to reach areas.'

NOTES TO EDITORS:

About the network of partners, including additional quotes:

The partners in the project cover the core areas of (i) 5G Core Network and Cloud Services, (ii) 5G Access Technologies and Dynamic Spectrum Access (iii) Broadcast Application, (vi) ***Agriculture*** Technologies, (vi) Industrial IoT, and (vii) Community, Infrastructure and Services.

5G Core Network and Cloud Services:

Cisco

Cisco (NASDAQ: CSCO) is the worldwide technology leader that has been making the Internet work since 1984. Our people, products, and partners help society securely connect and seize tomorrow's digital opportunity today. Discover more at newsroom.cisco.com and follow us on Twitter at @Cisco.

Today's announcement is the latest example of Cisco's commitment to support digitisation in the UK. Cisco's Country Digital Acceleration (CDA) strategy is a long-term partnership with government, industry and academia to deliver real outcomes faster and more effectively for the country.

Datavita

Datavita was founded in 2014 to operate the most resilient and physically secure datacentre in the north of the UK, just outside Glasgow. DataVita provide innovative colocation, connectivity and cloud services to a wide variety of organisations from small start-ups to global corporations.

Danny Quinn, Managing Director said 'At DataVita we're really looking forward to working with the 5G RuralFirst partners to develop next generation connectivity for Scotland'

Zeetta Networks

Zeetta Networks is an Open Networking software company that extracts greater efficiency and agility from a network while enhancing the end-user experience. Our main product, NetOS, is network orchestration software that provides a single, converged and secure platform for monitoring, managing and automating the operations of an ICT network.

Vassilis Seferidis, CEO: 'In the RuralFirst project we will be contributing our award-nominated NetOS platform, delivering an infrastructure capable of supporting multiple vendors, multiple technologies, and multiple tenants so they can access the benefits of 5G. By bringing together all network sub-systems (domains) under a centralised control, NetOS not only improves their operational efficiency but also enables better monetization of network resources via new applications and services. Our technology enables Network Operators to drive down roll-out and operational network costs while improving scalability and flexibility. '

University of Surrey, 5G Innovation Centre

University of Surrey 5GIC is the largest 5G open innovation academic/industry test bed in the world with 26 corporates and over 300 SMEs engaged in or wider network.

Prof Rahim Tafazolli, founder and Director of 5GIC, said, 'The 5GIC is delighted to give its support to this ***programme*** which will offer world leading insights into how the tremendous social and business benefits of 5G can be extended into more remote communities.'

Microsoft

Paul Mitchell, Microsoft, Senior Director, Internet Governance, CELA 'Connectivity is central to Microsoft's mission to empower every person and organization on the planet to achieve more and we're thrilled to be a part of the groundbreaking 5G Rural Coverage and Dynamic Spectrum Access testbed. We look forward to exploring how 5G and dynamic access technologies can improve coverage for rural areas and bring new opportunities such as precision ***agriculture*** and the Internet of Things to these communities.'

5G Radio Access Technology and Dynamic Spectrum Access:

University of Strathclyde, Centre for White Space Communication

University of Strathclyde, Centre for White Space Communication (CWSC) has been working for a number of years on rural wireless connectivity projects, starting with the first TV White Space network on the Isle of Bute testbed back in 2011. The Centre has extensive experience working on Software Defined Radio, and FPGA implementations, two technologies which will be key components of shared spectrum development and deployment.

Parallel Wireless

Parallel Wireless is on a mission to connect the 4 billion unconnected people with end-to-end 2G, 3G, and 4G Open RAN innovative solutions by making cellular deployments as easy and as cost-effective as Wi-Fi.

Steve Papa, Founder and CEO, Parallel Wireless said. 'We are proud of our role as a part of this ecosystem in enabling the world's first 5G RuralFirst testbed with ambition to foster rural wireless connectivity and new wireless services like connected farming, broadcasting, and connected utilities to successfully build the business case for investment in 5G in hard to reach areas.

Lime Microsystems

Lime Microsystems is the world's leading designer and manufacturer of field programmable RF transceivers. The company's software configurable chips can run any mobile standard and any mobile frequency and have been used in a vast array of systems including mobile base stations and small cells, SDR platforms, indoor navigation and machine-to-machine communication systems.

Lime CEO Ebrahim Bushehri commented 'Wireless innovation has been limited by access to affordable, easy-to-use, maintainable and programmable hardware. By making radio networks software configurable, Lime Microsystems is unleashing the next phase in virtualising wireless networks and bringing products that operators can use for future real-world deployments that can serve the communities from urban to rural areas equally'

pure LiFi & Edinburgh University

pureLiFi is the world leader in Light Fidelity (LiFi) innovation, enabling the communication of data through light. Established in 2012, pureLiFi is a spin-out from the University of Edinburgh, where its pioneering research into LiFi communication has been in development since 2008. In October 2017 pureLiFi Launched the LiFI-XC the most commercially ready LiFi system on the market. [*www.pureLiFi.com*](http://www.pureLiFi.com)

Professor Harald Haas, co-founder and chief scientific officer, pureLiFi Ltd., and Director LiFi R&D Centre, The University of Edinburgh, said:

'The U.K. has the opportunity to lead the world in 5G of which LiFi will play a key role in the fruition of this vision for a connected planet. Specifically, ordinary solar cells which for the first time will simultaneously harvest energy and receive high speed from distant light sources. In combination with LiFi providing connectivity to the end user light communications will help close the digital divide and provide unprecedented end-to-end data connectivity not only here in the U.K., but after a successful project this could be replicated globally.'

Heriot-Watt University

Founded in 1821, Heriot-Watt has a rich heritage and an established reputation as a leading research-led university and provider of education around the world. The university is truly global, with campuses in Scotland, Dubai and Malaysia.

Professor Cheng-Xiang Wang, School of Engineering and Physical Sciences, Heriot-Watt University, said: 'We hope to highlight the benefit of 5G in applying higher frequencies to enable new services and business opportunities for rural areas'

Fairspectrum

Fairspectrum is a leading provider of Dynamic Spectrum Access (DSA) solutions, which cover Television White Space (TVWS), Licensed Shared Access (LSA), and Citizen's Broadband Radio Service (CBRS).

Heikki Kokkinen, CEO of Fairspectrum: 'We hope to demonstrate the full potential of 5G in the sparsely populated areas by providing innovative spectrum sharing technology'.

Nominet

Nominet is driven by a commitment to use technology to improve connectivity, security and inclusivity online. For 20 years, Nominet has run the .UK internet infrastructure, developing an expertise in the Domain Name System (DNS) that now underpins sophisticated network analytics used by governments and enterprises to mitigate cyber threats. The company provides registry services for top level domains, and is exploring applications for a range of emerging technologies. A profit with a purpose company, Nominet supports initiatives that contribute to a vibrant digital future.

Russell Haworth, CEO Nominet: 'This is about making sure that 5G in rural areas isn't an afterthought. This is about deploying resources - in this case, 5G spectrum - more effectively by allocating it where needed in real time. Our global platform for dynamic spectrum management is a tried and tested way to help bring connectivity to remote areas that would otherwise be left behind.'

Telint

Dave Happy, Managing Director of Telint Ltd said 'As intelligent telecoms and spectrum specialists, Telint are delighted to be part of this ground breaking 5G project.'

BT

BT runs the UK's largest fixed network, and the largest mobile network - EE - with 4G coverage in more places than any other operator. In 2015, EE won the tender to deliver Britain's Emergency Services Network, which will see the operator deploy 4G coverage in more remote areas throughout 2018.

Broadcast Application

BBC:

The BBC is the oldest and largest broadcaster in the world and has been at the forefront of developing the future of broadcast technology since 1922; from the birth of radio and television, to the first steps into the digital world with Ceefax, BBC Online and BBC iPlayer. Current projects include pioneering internet-based broadcast networks and new forms of content, including VR, AR and object-based media.

Faoese Telecom/SHEFA

Faroese Telecom has vast experience installing mobile networks reaching 100% 4G coverage on the Faroe Islands and now doing 4.5G in all major cities. Shefa operates the Shefa-2 fibre optic submarine network bringing capacity to both Shetland and Orkney islands but also West of Shetland Oil & Gas assets.

CEO Jan Ziskasen: 'Facing rural areas as an everyday challenge operating both 4G, 4,5G and subsea fibre networks, Shefa / Faroese Telecom is proud to take part bringing new communications standards to Orkney'

***Agricultural*** Technology:

Agri-EPI Centre

Agri-EPI Centre is the UK lead centre for the adoption of precision ***agriculture*** and engineering technology, across the whole agrifood chain. It does this by providing world-class R&D facilities and business incubation; facilitating industry and academic partnerships and progressing cutting-edge sensing and imaging technologies, robotics and autonomous vehicles to create a new understanding of production efficiency.

Harper Adams University

Harper Adams University is a public university located close to the village of Edgmond, near Newport, in Shropshire, UK. Established in 1901, the university is a specialist provider of higher education for the ***agricultural*** and rural sector. The university provides more than 50 foundation degree, undergraduate and postgraduate degree ***programmes*** to students from over 30 countries.

Milkalyser

Milkalyser is an automated system which measures the fall of progesterone levels that occurs before ovulation in cows. Milkalyser technology can predict ovulation, allowing for optimal timing of artificial insemination - A typical farm could benefit by a net value of GBP150 per cow because of this innovation.

Professor Toby Mottram, CEO of Milkalyser said: 'We believe that the future of veterinary medicine in ***agriculture*** will rely on comprehensive information about the individual animal's health status and recent treatments being provided direct to the animal technician at the cow's side, via high speed data communications; animal welfare can be massively improved with reduced antimicrobial use by this approach.'

Kingshay

Dairy specialists Kingshay have been providing independent research, advice and services to milk ***producers*** for over 25 years including leading edge innovations such as HowsMyCow, our 3D imaging system to measure cow health, and Dairy Manager, the country's foremost dairy costings service measuring key health and economic inputs and outcomes.

Duncan Forbes, Kingshay's Dairy Research Director says 'We are proud to have developed the 180 cow state of the art dairy unit in Somerset which is one of the test beds for the 5G Rural First project. There are so many exciting opportunities presented by 5G to improve productivity, welfare and sustainability for the dairy farm of the future and we look forward to testing the technology and demonstrating its economic benefits here at the Somerset 5G test bed.'

Afimilk

Afimilk company's systems are installed and in use on thousands of farms in 50 countries across five continents. With hundreds of thousands of milk meters and millions of behaviour sensors installed, Afimilk sets the standards for dairy farming and management around the globe.

Precision Decisions

Precision Decisions grew out of a family farming business, and continues to offer comprehensive precision farming services based on sound agronomic and practical experience. Specialities across agronomy, engineering, software and customer service, working from new premises with dedicated workshops and development facilities.

Soil Essentials

SoilEssentials are a precision ***agriculture*** company, established by farmers, based in the North East of Scotland and operating throughout the UK. Precision solutions include soil sampling, yield analysis/monitoring and online mapping.

Hyperceptions

Hyperceptions will be providing specialist hyperspectral imaging and remote sensing services that will identify and quantify nutrients and quality attributes of pasture and crops. For remote diagnosis applications, these systems require very high bandwidth data transmission and Hyperceptions focus will be to explore the limits of the test bed capacity.

Industrial IoT:

CENSIS

CENSIS is the centre of excellence for Sensor and Imaging Systems (SIS) and Internet of Things (IoT) technologies. It enables industry innovators and university researchers to collaborate at the forefront of market-focused SIS and IoT innovation, developing products and services for global markets to create sustainable economic value in the Scottish economy.

Business Development Director, Mark Begbie says, 'CENSIS is excited about the benefits 5G will bring to the Internet of Things, particularly in the industrial domain. We believe the trials ***programme*** will demonstrate the transformative value 5G can bring to IoT in sectors including advanced manufacturing and ***agriculture***.'

Stream Technologies

Stream Technologies remains at the forefront of the development of innovative, enabling and management software technologies for eSIM orchestration and management of cellular connectivity. The team's depth of technical expertise, coupled with extensive experience in the IoT industry, makes Stream the world's most technically advanced enabler for eSIM and IoT connectivity.

Alan Tait, Chief Technology Officer 'Stream are excited to be part of this project to help enable 5G, it's one faster way to drive adoption and use cases by sponsoring vertical and regional deployments.'

Power Networks Demonstration Centre (PNDC)

The Power Networks Demonstration Centre is a venture founded by government, industrial and academic partners with the aim of accelerating the adoption of innovative research and technologies from early stage research into business as usual adoption by the electricity industry.

Community, Infrastructure and Services:

Cloudnet

Nikki Linklater, Director, Cloudnet 'As Scotland's First trialists in TVWS covering 1200Km2 in Orkney we delivered TVWS to rural homes and business as well as onto our North Isles Ferries internet connectivity. 5G is simply and extension to this with exciting times and challenges ahead. We look forward to delivering 5G for Orkney and rural communities.'

Orkney Islands Council

Orkney Islands Council is the local authority serving one of the UK's most northerly communities. The Council provides a broad range of services for people living across a scattered community of around 20 inhabited islands.

Council Leader James Stockan said: 'This is a community which embraces innovation - and we are all too aware that digital connectivity is crucial to the future economic prosperity of our islands. Those two factors make Orkney the perfect testbed for this important project - lessons learned in overcoming challenges here will benefit remote and rural areas like Orkney for many years to come.'

Scottish Futures Trust

As an infrastructure delivery company owned by Scottish Government, the Scottish Futures Trust works with the public and private sectors to help ***plan*** future investment, deliver major infrastructure ***programmes***, deploy innovative financing approaches to build new infrastructure as well as improve the management of existing buildings.

Derek Graham, ***programme*** director at the Scottish Futures Trust, said: 'We are working with partners to drive innovation and change ensuring the right mechanisms and commercial approaches are developed to facilitate the delivery of 5G ready infrastructure for Scotland. As the Chair for the Scottish Innovation ***Programme***, which includes Cisco. Strathclyde and BT among its founding members and is dedicated to investigate solutions for Scotland's digital connectivity challenges, we are delighted that the lead 5G Rural First partners were able to capitalise on this initiative to use it as a platform to build the wider consortium supporting their successful bid.'

Broadway Partners

Broadway Partners is a leading provider of broadband services to rural communities across the UK, and especially in Scotland and Wales. Using a combination of 5Ghz and TV WhiteSpace radio, it is uniquely capable of guaranteeing 100% superfast connectivity to all residents and businesses within its target areas.

Michael Armitage, Chairman and CEO, said: 'We are thrilled to be part of the 5G Rural First partnership, and we look forward to helping bring the future, faster to remote rural communities.'

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[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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[***Washington: The Month in U.S - China Relations (April 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S7V-RGB1-F0YC-N3HR-00000-00&context=1516831)

Impact News Service

May 3, 2018 Thursday

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**Body**

Washington: U.S Woodrow Wilson International Center for Scholars has issued the following news release:

Last April, following his meeting with Xi Jinping at Mar-a-Lago, President Trump told a group of journalists that, “I like him and I believe he likes me a lot.” During the same summit, President Trump authorized an air strike on Syria. When asked whether the strikes were a message to North Korea, then-Secretary of State Rex Tillerson responded, “'If you violate international norms…if you become a threat to others, at some point a response is likely to be undertaken.'' The seemingly warm relationship forged at Mar-a-Lag seems a distant memory today as the Trump Administration accuses China of violating global economic norms. U.S Treasury Secretary Steven Mnuchin is currently in Beijing, along with National Economic Council director Larry Kudlow, U.S Trade Representative Robert Lighthizer and White House trade adviser Peter Navarro, (author of Death by China: Confronting the Dragon - A Global Call to Action) for talks on Sino-U.S economic friction. According to the Wall Street Journal, the delegation is a “team of rivals…with Mr. Mnuchin and Mr. Kudlow taking a less adversarial approach than Mr. Lighthizer and Mr. Navarro. But divisions could mean the team won’t be able to agree on anything.”

The U.S -China political relationship is just as tense, with many in Washington calling for a complete rethink of America’s long-standing policy of engagement. The recent unanimous passage of the Taiwan Travel Act, which encourages cabinet-level visits of U.S officials to Taiwan, is viewed by many as the Trump Administration’s attempt to undercut the foundation of U.S -China relations: The One China Policy. (For a detailed summary of the history behind the One China Policy, check out Ambassador Stape Roy’s latest ChinaFile piece).

A potential trade war with the United States is not the only item on Beijing’s agenda. Prior to the meeting between North Korean leader Kim Jong Un and South Korean President Moon Jae-in on April 28th, Xi hosted Kim in Beijing for their first meeting ever. Last week, Indian Prime Minister Narendra Modi visited Xi in Wuhan for a meeting that was “widely interpreted as an attempt to reset relations and rebuild trust.” Xi also found time to promote the recent pullout of Spanish energy company, Repsol, from a Vietnamese drilling project (due to Chinese pressure). His active focus on the East Asian region should serve as a reminder to the American delegation that U.S -China relations are not always foremost on Beijing’s to-do list.

Sandy Pho

Senior ***Program*** Associate

Kissinger Institute on China and the United States

Major Issue Tracker

China’s Global Influence

China’s Latest Human Rights Council Resolution (April 9): Andrea Worden writes for China Change: Beijing’s aim appears to be replacing the existing human rights framework from the mission and work of the UN with a Chinese version that focuses almost exclusively on “the right to development,” “dialogue” and “mutually beneficial cooperation.” Related: China Issues Report on U.S Human Rights.

What China Gained From Hosting Kim Jong Un (April 9): Oriana Mastro writes in Foreign Affairs (subscription): For Beijing, the ultimate goal of the meeting was not to patch up the relationship with Pyongyang but to shape the direction of upcoming U.S –North Korean talks and to ensure that any outcome favors Chinese interests over those of the United States. Majalla ran this piece as well. Related: Kim, Moon Pledge Denuclearization Of Peninsula And End To Korean War.

China, Russia 'Show Americans' Their Close Relationship (April 10): Chinese Defense Minister Wei Fenghe was explicit about the cooperation between Russia and China being aimed at the United States. CNN also reported on this story.

Donald Trump Welcomes Xi (Bo’ao Forum) Speech Despite Lack of Concessions (April 10): According to the Financial Times (subscription) Xi’s speech was largely a rehash of his 2017 speech at Davos, where he sought to position China as a defender of global trade and economic openness, despite its own highly restricted domestic investment environment. Related: Xi Announces ***Plans*** to ‘Open' China, Including Lowering Tariffs on Imported Autos; Key Takeaways From Xi’s Speech to Boao Forum.

Chinese Demand for Totoaba Swim Bladders Is Wiping out 2 Species (April 10): Totoaba swim bladders sell for up to $20,000 in Guangzhou. Poachers off the coast of Mexico are pushing both the totoaba and the vaquita marina toward extinction. Related: For Every $1 the U.S Put Into Adding Renewable Energy Last Year, China Put in $3.

App Based on BeiDou Satellite System to Launch in May (April 10): As a rival to the United States' Global Positioning System, the Beidou system has precision to within one meter and can precisely locate a lane. Related: Overseas Beidou Center Set Up in Tunisia; Most Mobile Phones on Market Adapt to China’s Beidou System.

Europe’s New ‘Eastern Bloc’ (April 13): Europe’s eastern countries have voluntarily joined a new grouping that brings together China and 16 post-communist Central and Eastern European countries (“16+1”). Related: 'Boiled Frog Syndrome': Germany's China Problem; China Seeks Trade Firewall with U.S EU Allies in Rush of Ambassador Meetings.

Pakistan Shuns U.S For Chinese High-Tech Weapons (April 19): Since 2010, U.S weapons exports to Pakistan have plummeted from $1bn to just $21m last year. Chinese sales fell as well, but more slowly, making China the biggest weapons exporter to Pakistan in 2017.

China, Finland to Enhance Arctic Research Cooperation (April 18): According to Xinhua, China and Finland have signed an agreement to establish a joint research center for Arctic space observation and data sharing services. Related: Maritime Security in the Polar Regions: Legal Perspectives from the United States and China (Video); China’s Arctic Ambitions in Alaska.

How China and the U.S Both Come Out Winners in Boost to World Bank (April 23): The Wall Street Journal (subscription) reports, the U.S is allowing its voting share to decrease slightly (which also reduces the amount the U.S is obligated to contribute), but it will remain the largest shareholder in the bank’s key body. China’s voting power received a boost in the new deal and now has 5.71% voting share, up from 4.45%.

India China: Why is Modi Meeting Xi Now? (April 26): Last year, India and China were locked in a serious border crisis on the Doklam Plateau. Shashank Joshi writes for The BBC: we may see a further softening of tone following the Xi-Modi meeting in Wuhan…But beyond the bonhomie, this ***strategic*** competition for power and influence is unlikely to slow down. Related: What the Modi-Xi Meeting Tells Us About China and India; China and India’s Geopolitical Tug of War for Bangladesh; How a Remote Iranian Port Could Heighten China-India Tensions;

India Sticks to its Own Path, Says No to China’s Belt & Road Initiative.

U.S Asia Policy

Trump’s Free and Open Indo-Pacific Strategy Needs Clarity (April 4): Ankit Panda writes for The Diplomat (subscription): I came away disappointed (following the State Department briefing)… More interestingly, much of what Wong says betrays the remarkable continuity in this strategy from the Obama administration. Related: Countering China’s Militarization of the Indo-Pacific.

The Taiwan Travel Act Threatens to Further Complicate U.S , China Relations (April 10): President Trump quietly signed an act last month encouraging U.S officials to visit Taiwan, angering China amid mounting tensions over trade. The legislation is legally nonbinding, but policy experts say it is a provocation for China because more visits to Taiwan by high-ranking U.S officials, and the reverse, could help boost the island's international profile. Related: Trump’s Incredibly Risky Taiwan Policy; Taiwan is Again Becoming a Flashpoint Between Chins and America (The Economist); Dominican Republic Forges Tie with China, Breaks with Taiwan; China May Punish United and American Over Taiwan References.

GOP Fundraiser Sought to Force Chinese Dissident from U.S (April 19): In a series of emails published by the New York Times (subscription), Broidy explored ***plans*** to force the exit from the United States of a Chinese billionaire and dissident, Guo Wengui, evidently to please Chinese allies in Malaysia while reaping payoffs from both the Chinese and, improbably, the United Arab Emirates.

Military

China Welcomes Its Newest Armed Force: The Coast Guard (April 4): Chinese operations in disputed waters in the East and South China Sea will now have more direct links with the Chinese military…Read More>>

How the PLA Really Sees America (April 9): Ian Easton writes for Asia Eye: While the Chinese military's external propaganda tends to deny or downplay ***strategic*** competition between the U.S and China, its internal writings are often strident and anti-American. The reality is that the People's Liberation Army (PLA) sees the U.S as an adversary and acts accordingly.

China’s Mystery ‘Military Base’ in Vanuatu Could be a Space Tracking Station (April 11): According to the South China Morning Post, analysts say the facility had the potential to be used for intelligence gathering and other military purposes. Related: Vanuatu Denies it will Host China Military Base.

One Belt, One Road, One Happy Chinese Navy (April 17): Keith Johnson and Dan De Luce write for Foreign Policy (subscription): Beijing is using commercial bridgeheads to give its warships staying power in the Indian Ocean.

Southeast Asia and the South China Sea

Beijing Reportedly Installs Communications Jamming Equipment In South China Sea (April 10): According to NPR, China has placed equipment designed to jam communications on a barren outpost in the South China Sea. The Wall Street Journal (subscription) originally reported on this story. Related: China Defends South China Sea Military Buildup.

U.S Accuses Chinese Firms of Rerouting Goods through Vietnam to Disguise Their Own (April 10): According to the Wall Street Journal (subscription), dozens of factories in Vietnam follow a simple business model: Import steel from China, galvanize it, strengthen it and then export it—often to the U.S at prices that undercut American ***producers***.

Xi Hosts Maritime Military Parade in the South China Sea (April 12): Forty-eight warships, 76 aircraft and more than 10,000 sailors and soldiers took part in what the Global Times called “Chain’s largest maritime military parade.” Related: China Launches War Games Near Taiwan; U.S Carrier in Manila After Show of Force in South China Sea.

Emptiness of U.S Rhetoric Exposed by China Bringing Vietnam to Heel (April 15): Ankit Panda writes for the South China Morning Post: Washington failed to back up words with action after Beijing pressured Hanoi into abandoning South China Sea oil drilling project. Related: China’s Intimidation in the South China Sea Poses an Economic Threat to Vietnam.

How China Gets What it Wants in Myanmar (April 24): Beijing has deployed a new and so far effective negotiating strategy to take advantage of a recent decline in Naypyidaw’s relations with the West…Read More>>

Technology, Surveillance, and Espionage

Huawei Flourishes Despite Perennial Hurdles in U.S (April 3): According to the Financial Times (subscription), the inconvenient truth for the United States is that it is a global behemoth, turning over RMB603.6bn ($96bn) last year and eclipsing Ericsson as the world’s biggest vendor of telecoms equipment. Related: U.S Authorities Probing Huawei for Possible Iran Sanction Violations.

Forget the Trade War. China Wants to Win Computing Arms Race (April 8): Chinese universities and U.S technology companies, such as International Business Machines Corp. and Microsoft Corp., are racing to develop quantum computers, a type of processing that’s forecast to be so powerful it can transform how drug-makers, ***agriculture*** companies and auto manufacturers discover compounds and materials. Related: This Pentagon Paper Explains Why Trump is Reining in Tech Trade with China; China is Rapidly Catching up to Apple in a 'Core Technology'.

The ZTE Fiasco

    U.S Ban Risks Leaving China’s Rising Tech Star ‘Half Dead’     Core Technology Depends on One's Own Efforts: President Xi     Behind the Scenes, China’s Actually Kind of Mad at its Telecoms Giant ZTE

China Asserts Firm Grip on Research Data (April 9): The Chinese government has decreed that all scientific data generated in China must be submitted to government-sanctioned data centers before appearing in publications. At the same time, the regulations also call for open access and data sharing…Read More>>

China Freezes Out TenCent, Toutiao Apps as Crackdown Widens (April 10): Beijing’s latest campaign to sterilize the internet began in April when it demanded a halt to downloads of a quartet of news apps run by Bytedance—known commonly by its main app, Toutiao— and Tencent Holdings Ltd., among others. Related: Tech Shame in the “New Era”.

Buying Chinese IP Just Got More Complicated for Foreigners (April 11): The new “Work Rules on Outbound Transfer of Intellectual Property Rights (Trial),” translated in full by DigiChina, were dated March 18—four days before the U.S government released its Section 301 report on Chinese intellectual property and investment practices…Read More>>

China Urges Workers in Defense-Related Field to Watch Out for Foreign Spies (April 15): In celebration of China’s third National Security Education Day, the Ministry of State Security published a set of caricatures meant to teach workers how to detect and report foreign spies and espionage activities, and raise their awareness of State security. Related: Government Cartoon Portrays ‘Foreign NGOs’ as National Security Concern.

Soft Power, Media, and Censorship

MLB and Tencent Form New ***Strategic*** Partnership to Live Stream MLB Games in China (April 3): Tencent, a leading provider of comprehensive Internet Services in China, also will support and broadcast MLB developmental events to help grow the sport of baseball in China. The South China Morning Post also reported on this story.

China Cracks Down on Online Bible Selling (April 4): A source told Inkstone that Christian bookstores are subject to regular inspections from the Ministry of Culture. But one Christian bookstore in Beijing was inspected and officials warned that “foreign” books – Christian books published outside of China – could no longer be sold.

China Box Office Overtakes North America in First Quarter of 2018 (April 9): Gross revenues in China amounted to RMB 20.2 billion ($3.17 billion) in the first three months of 2018. In comparison, North American theaters (U.S and Canada) enjoyed aggregate revenues of $2.85 billion in the same period. Related: Why Chinese Filmgoers Don’t Buy Hollywood’s Values Anymore.

The Fun-Loving Chinese Tourists Hunting for New Thrills (April 10): In China, there are few opportunities to hunt locally, and civilian gun ownership is strictly controlled, limited to a small number of authorized hunters and sports, hunting, and wildlife organizations. Introducing: Gun Tourism USA…Read  More>>

Education and NGOs

Chinese Woman Admits to Cheating on U.S College Admission Exam (April 2): Prosecutors said Leyi Huang in March 2016 arranged to have a paid test taker sit in her place and take the TOEFL, the English-language exam used to assess foreign applicants, after she failed to achieve the minimum score needed to attend Penn State…Read More>>

China is Setting up Its Own Version of America’s Caltech to Rival U.S in Innovation (April 4): Westlake University, located in Hangzhou, will be China’s first doctorate-granting private institution focused on high-level research and innovation…Read More>>

Chinese Gaming Giant NetDragon Acquires Edmodo (April 8): Edmodo is a U.S -based online social network designed to encourage communication between teachers, students, and parents. It says it serves 90 million members across 7,000 U.S school districts and 194 nations…Read More>>

Tencent Partners with Age of Learning for English Learning Apps in China (April 8): Tencent and Los Angeles-based Age of Learning will launch ABCmouse, an immersive English learning ***program*** for children in China…Read More>> The Chinese Communist Party Is Setting Up cells At Universities Across America (April 18): Bethany Allen-Ebrahimian reports for Foreign Policy (subscription): These overseas cells fit in with the party’s broader goals, says Samantha Hoffman, a visiting fellow at the Mercator Institute for China Studies in Berlin. “You still know that if you actively protest against [the party], or if you make some kinds of comments, you know that that could harm you later on,” she says. “Information gets around. It’s a way of controlling what you are willing to do.”

China-Based Online Education Companies Launch Aggressive Hiring Spree for U.S   Teachers (April 25): According to a recent report from the China-focused consultancy iResearch, online language lessons in China represented a $4.5 billion market opportunity in 2016 and is expected to grow to nearly $8 billion by next year…Read More>>

Trade and Economic Relations

U.S -China Trade War?

    Under Section 301 Action, USTR Releases Proposed Tariff List on Chinese Products (Office of the U.S Trade Representative)     Ambassador Cui Tiankai Explains Why the Country is Striking Back (CNBC Interview)     Steve Mnuchin: ‘Cautiously Optimistic About China Trade Meetings (The Hill)     The Winners in Trump’s Trade War? This Indiana Family. The Losers? The Same Family (The Washington Post)     Victims of a Possible U.S -China Trade War: Energy, Steel, Televisions, Synthetic Rubber, Whiskey, Sorghum, and Soybeans.     China to End Foreign Ownership Limits on Passenger Vehicles by 2022 (ECNS); China Is Opening Its Car Market. But Not Enough, Say Auto Companies (The New York Times)     Wall Street Finds China’s Door Still Open After Trade Spat (Bloomberg)     U.S Earns More in China Than Trade Numbers Reveal (Bloomberg)     Joint Ventures and Technology Transfer: New Evidence from China (VOX)     Trump’s Trade War Isn’t About Trade. It’s About Technology (Matt Sheehan, Macro Polo)     Donald Trump is Standing Up for American Interests (Financial Times op-ed by White House Advisor, Peter Navarro)     Donald Trump Trade Threats Lack Credibility (Financial Times op-ed by former U.S Treasury Secretary Lawrence Summers)     How Trump Could Stumble from a Trade War Into a Real War with China (Graham Allison, The National Interest)     What’s the Deal with China? (Scott Kennedy on what the looming trade war means for U.S consumers, Motley Fool Answers Podcast)

Chinese Real Estate Investment in U.S Declines (April 3): The 2017 China-U.S Inbound Investment Capital Watch report from Cushman & Wakefield put the estimated decline at $7.3 billion in 2017 from $16.2 billion in 2016…Read More>>

China Caught off Guard by Unpredictable Trump (April 15):  Two senior Chinese officials told the Financial Times (subscription) that the Taiwan Travel Act and Mr. Trump’s additional trade threats limited Mr. Xi’s room for maneuver in his Boao Forum speech that had been previously billed as a blueprint for aggressive economic reforms. China’s president did not want to give the impression he was yielding to U.S pressure.

Chinese Money Floods U.S Biotechs as Beijing Chases New Cures (April 18): Venture-capital funds based in China poured $1.4 billion into private U.S biotechnology firms in the three months ending March 31, accounting for about 40 percent of the $3.7 billion that the companies raised in the period overall. Related: Cancer Breakthrough Leads China’s Biotech Boom.

Qualcomm ***Plan*** ‘Has Difficulty’ Resolving Concerns (April 19): China’s Commerce Ministry spokesman’s comment was the first Chinese statement about the U.S chipmaker’s proposed acquisition since a trade dispute blew up between the U.S and China. The spokesman gave no details of what Qualcomm proposed to satisfy Chinese competition concerns or why regulators found problems with it.

U.S Questions COSCO’s Takeover of California Cargo Terminal (April 20): A U.S national security review has raised concerns about a takeover by China’s COSCO Shipping Holdings Co. of a large container terminal in Long Beach, California…Read More>>

If You Read/Watched Nothing Else in April…

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Op-Eds and Commentary

How the West Misread Xi (Keyu Jin, The South China Morning Post, April 5)

The Collapse of the “Chinese Collapse” Theory (Richard McGregor, Lowy Institute, April 9)

Trump’s Incredibly Risky Taiwan Policy (Ambassador J. Stapleton Roy, Chinafile, April 19)

Articles/Essays

The Artificial Intelligence Race: U.S , China, and Russia (Ecaterina Garcia, Modern Diplomacy April 19)

What China Gained from Hosting Kim Jong Un (Oriana Mastro, Foreign Affairs [subscription], April 9)

What the Facebook Scandal Means in a Land Without Facebook: A Look at China’s Burgeoning Data Protection Regime (Samm Sacks, Lu Xiaomeng, and Li Manyi, CSIS, April 25)

Reluctant Stakeholder: Why China’s Highly ***Strategic*** Brand of Revisionism is More Challenging Than Washington Thinks (Evan Feigenbaum, Macro Polo, April 27)

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Impact News Service

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**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 The SPEAKER pro tempore (Mr. Taylor). Under the Speaker's announced policy of January 3, 2017, the gentleman from North Carolina (Mr. Walker) is recognized for 60 minutes as the designee of the majority leader. Mr. WALKER. Mr. Speaker, we are here today because, almost 11 months ago, the American people voted to give Republicans control of unified government. They were tired of being crushed by rising healthcare costs due to ObamaCare. They wanted America's economy to prosper again. They wanted a secure border.

During the months that followed, Congress worked with President Trump to sign over 50 bills into law. On top of that, the House passed over 270 laws that now sit in the Senate awaiting action. Despite this legislation, there is a unified voice that is loud and clear arriving daily from our base, saying, ``Get something done.'' The reason for that call is because Americans continue to be crushed by government policies, something that is very evident. These are the same policies that drove them to vote for us in the first place. Americans are scarred by the broken promises of the former administration. They could not keep their doctor, even though they were told by the former President they could. Their premiums did not go down $2,500, and their exchanges did not work. ObamaCare resulted in fewer options and increased costs for many Americans. Out-of-pocket costs continue to soar, with overage deductibles for bronze ***plans*** topping $6,000 in 2017. Some States, like Arizona, faced premium increases of 116 percent; Oklahoma, 69 percent. Tennessee faced a 63 percent increase. And one- third of counties have only one insurer offering coverage on the exchange. Some entire States like Wyoming, right below me, South Carolina, Oklahoma, and Alaska only have one insurer. Think about that. This trend is predicted to worsen, with half of American counties only having one insurer in 2018. As we have come to almost 8 years with the ACA, or ObamaCare, we run a risk of thinking that it is normal. Our healthcare system was not perfect before. We are not making that case. But ObamaCare made what was already bad even worse. We cannot think of these stats as mere numbers. Americans are really suffering under this law. Just because Senate Majority Leader McConnell gave up on repealing ObamaCare in the Senate does not mean Americans will give Congress and Republicans a pass. We cannot and we must not give up on this important promise. The burden of ObamaCare is only made worse by the lackluster growth of the economy in recent years. During the Obama administration years, the economy failed to grow even once at the historic goal of 3 percent a year, something we just saw in our last quarter. Americans are as industrious and innovative as ever. Americans' work ethic is not the problem. It is our antiquated tax system that has been bogged down over the years by regulators and lobbyists. Since our last major rewrite of the Tax Code 31 years ago, the same year that ``Top Gun'' was number one in the box office, 1986, our Tax Code has added over 35,000 pages. Think about that--35,000 pages. That is about three changes per day. Each page is another carve-out or a loophole for the well connected, leaving the rest of the economy behind. Our companies are at a disadvantage internationally, as our tax rate stands at 35 percent, the highest, as we know now, in the industrialized world. Families continue to be punished with a marriage penalty. Our Tax Code should be a competitive advantage for our companies competing with the world. It should encourage innovators to push the boundaries and find success. The call to get something done that we hear loud and clear from Americans is also coupled with a call to make sure that we are doing our very best to secure the border. Perhaps there is no more vocal call from the past year than to build that wall. In 2016, the United States saw a surge in illegal border crossings, with 46,000 illegals apprehended in that October alone. This is both a fiscal and a security issue. Border security is more than just the border, though. Visa overstays are responsible for up to 40 percent of illegal immigration. We need a solution, and we need an action to this problem if we are truly to secure the border. To add to these problems, more than 100 sanctuary jurisdictions have enacted policies which restrict cooperation with ICE, allowing potentially dangerous illegal immigrant criminals to remain in our country. I am confident that the American people will deliver their final grade on Republicans over the next 3 months simply based on the three issues, the three promises that I am speaking about today: number one, continuing to work and replace and repeal ObamaCare; number two, reforming the Tax Code; and, number three, securing the border. In short, repeal, reform, secure; repeal, reform, secure. We need to fulfill these promises in the next 3 months. The urgency and the time is now. As I said before, the status quo on these policies is literally crushing Americans, and this is why they elected Republicans. In fact, since 1913, when Republicans expanded, or when the House expanded the 387 Members to 435, this is the only time in history when back-to-back Congresses, the Americans have elected 240 or more Republicans, and it is time we did our job. We need to keep our promises to the American people. I am pleased to be joined by members of the Republican Study Committee today to talk about the importance of keeping these promises. That is why it is my privilege to introduce one of our newer members from Kansas, Representative Ron Estes. Mr. Speaker, I yield to the gentleman from Kansas (Mr. Estes). Mr. ESTES of Kansas. Mr. Speaker, after a decade of inadequate economic growth across America, there is new growing optimism that our economy is about to be set free again. Consumer confidence in the economy is the highest it has been since 2000. Why? I believe this is because the American people expect us to reform our broken Tax Code, and they are excited about it. Our outdated and overly complex Tax Code has held our economy down for the past decade. It is time we fix this and empower working families in America. Real tax reform will be the best way to help America climb up the economic ladder. A stronger economy will bring higher wages and better jobs. The goal is to make our Federal Code simple and to make it fair. {time} 1730 The Tax Code, as it is, only benefits the rich and well-connected who can [[Page H7962]] hire an army of lawyers to protect their interests. This is why Republicans are looking to enact real reform for all Americans. The argument against tax reform is this: the ***plan*** is just a tax cut for the rich. The reality is, this tax reform framework is focused on helping middle class families. The tax system is laid out by Republicans that allows low- and middle-income workers to keep more of their hard-earned paychecks in order to save for their children's college, for their retirement, or any other things that they want. I implore my colleagues across the aisle to do what is right and help to fix our antiquated Tax Code. Mr. WALKER. Mr. Speaker, I thank Representative Estes. Perhaps no one knows more and has had more experience than the chairman of our Judiciary Committee, a former immigration attorney who has spent years working on resolving these issues. Mr. Speaker, it is my privilege to yield to the gentleman from Virginia (Mr. Goodlatte). Mr. GOODLATTE. Mr. Speaker, I very much appreciate the gentleman organizing this hour of Special Order remarks, and your leadership on these three important issues. Mr. Speaker, I rise to discuss the importance of bolstering enforcement of existing immigration law and securing the border. The interior enforcement and border security are vital to enhancing public safety, keeping the door open to law-abiding immigrants, protecting our borders, and restoring the rule of law. Under President Obama, interior enforcement deteriorated dramatically as his administration refused to enforce immigration laws, rewrote the law through executive action, and implemented policies that enabled millions of unlawful and criminal aliens to remain in the United States free from any possibility of removal. The Obama administration's policies had--and continue to have-- disturbing consequences. The rule of law was undermined as hundreds of thousands of Central American unaccompanied minors and families arrived at the southwest border during the Obama years and were released into the U.S Too many Americans were killed or seriously harmed at the hands of aliens who joined gangs or committed crimes. Fortunately, the Trump administration has begun to reverse the Obama administration's disastrous policies and is enforcing the law as written by Congress. President Trump has issued executive orders to strengthen interior enforcement and implement strong border security measures. The Department of Justice and the Department of Homeland Security are already executing these executive orders, and there have been quick results. Illegal border crossings at the Southwest border dropped dramatically at the beginning of the Trump administration due, in large part, to consistent enforcement of the law and the strong message that the U.S no longer tolerates illegal immigration. However, illegal border crossings are rising again despite the best efforts of the Trump administration, demonstrating that the President should be granted additional, long-needed legislative tools. The House Judiciary Committee has been hard at work to improve our Nation's immigration laws and has already approved bills that are crucial to enable our country to gain control of our immigration system. The Davis-Oliver Act is the keystone of our interior enforcement efforts and is named after Placer County Detective Michael Davis, Jr., and Sacramento County Deputy Sheriff Danny Oliver, two California law enforcement officers who were murdered by an unlawful immigrant in October 2014. The bill improves the enforcement of our Nation's immigration laws to enhance public safety. Specifically, the Davis-Oliver Act provides tools to crack down on dangerous sanctuary city policies and contains much-needed changes to protect American communities from unlawful immigrants who commit crimes in the United States, or are gang members. The Davis-Oliver Act also enhances national security by improving our Nation's first line of defense, the visa issuance process. It provides thorough screening of foreign nationals seeking to enter the United States in order to prevent terrorists from entering our country. The bill also ensures the rule of law and removes the ability of any President to unilaterally shut down immigration enforcement by granting States and localities the authority to voluntarily assist in the enforcement of Federal immigration law and to enforce their own immigration laws consistent with Federal practices. The House Judiciary Committee has also approved several bills to reform the asylum and refugee ***programs*** to curtail rampant fraud, while ensuring that our Nation continues to be a safe haven for those persecuted around the world. The surge of Central American unaccompanied alien minors and family units seeking to enter the U.S illegally at our southern border put a strain on manpower and resources. It also exposed loopholes in our Nation's immigration laws that are being exploited by smugglers and others seeking to game the system. The Asylum Reform and Border Patrol Act makes a number of improvements to our Nation's laws to prevent fraud and abuse in the system and assure that asylum is reserved for those truly fleeing persecution in their home country. Further, the Protection of Children Act makes sure that unaccompanied alien minors who make the dangerous journey to the United States are swiftly and safely returned home. For those who stay with a sponsor in the United States while awaiting their immigration hearing, the bill provides for greater transparency and safety to these minors to ensure that they are not inadvertently delivered into the hands of criminals or abusers. The Refugee ***Program*** Integrity Restoration Act reforms the refugee ***program*** by curbing fraud and strengthening public safety and national security. It also provides State and local governments the power to decide if refugees are to be resettled within their communities and gives Congress, not the President, the authority to set the overall refugee ceiling for each year. The House Judiciary Committee also ***plans*** to bring up a bill that protects jobs for citizens and legal workers, the Legal Workforce Act. This bill requires all U.S employers to check the work eligibility of all future hires through the tried and tested E-Verify system. E-Verify quickly confirms 99 percent of work-eligible employees and takes less than 2 minutes to use. Over 740,000 American employers currently use E-Verify, and 83 percent of America's employers support a mandatory electronic verification system. While many aspects of our Nation's immigration system need to be improved, including our guest worker ***program*** for American ***agriculture***, we must strengthen the enforcement of our immigration laws. Immigration enforcement is crucial to maintain our sovereignty, to protect national security, and to restore the rule of law. Mr. Speaker, I call on Congress to take up the House Judiciary Committee's immigration enforcement bills soon. Mr. WALKER. Mr. Speaker, I thank Chairman Goodlatte and appreciate those powerful words. Mr. Speaker, I yield to the gentleman from Florida (Mr. DeSantis), a colleague and one of the sharpest, most intellectual Members of Congress. Mr. DeSANTIS. Mr. Speaker, I thank my friend from North Carolina for yielding. Mr. Speaker, if you were trying to do damage to the United States and you wanted to design a Tax Code that hindered economic growth, that diverted a lot of productive energy, that basically kept America from reaching its economic potential, you probably couldn't do much worse than designing the code that we have. It is enormously complex--70,000 plus pages. I confess, there is no way I can do my own taxes, and I think that is true for millions and millions of Americans. There is a frustration with that, but it also costs massive amounts of money and diverts energy. We are talking about hundreds of billions of dollars that get diverted to complying with the Tax Code, and that is not optimal for economic growth. It repels capital and incentivizes companies to relocate overseas and take jobs overseas. You see companies reincorporating in Ireland or Canada. That is because we have the highest corporate tax rate in the industrialized world. We are almost trying to send businesses overseas. [[Page H7963]] It doesn't allow middle class families to keep enough of the money they earn. If you look over the past decade or so, family income really hasn't risen by that much, yet the cost of living has gone up. So by taking more and more from taxes, it makes it harder for middle class families to make ends meet. So reforming the Tax Code, doing a nice, big tax cut, I think is long overdue. It would be a boon to our economy. You would have a simple system--no more 70,000 pages. Fill out your taxes on a postcard. That not only is more economically efficient, it gives people a lot of peace of mind to know they can do their taxes themselves. It is going to incentivize us to bring all of the trillions of dollars in overseas profits, and bring it back to the United States so that we can invest it here through our companies and create more jobs here. It will make our American businesses more competitive. Our business tax system is outdated. It is uncompetitive. This, I think, will change a lot of that by having a competitive business tax rate, and I think that that will mean more economic growth. So I think all that is pretty obvious to most people who look at this in a fair way. The question for us now is, we have to ***produce*** this bill. We have been talking about tax reform for a long time this year, and I think that is great, but it is time right now for us to ***produce*** this bill, debate it here in the House, pass it, and send it over to the United States Senate. I am not encouraged when, given the urgency of this, we are going on a recess next week. The House is not going to be here. You are not going to have a tax bill marked up in the Ways and Means Committee or unveiled to the public. Members are not going to be debating that. I think it is time that we do that, and I think there should be a sense of urgency with that. We have got to get our job done. I think the bill should have been passed by now, but let's get it done. Send it to the Senate. I don't think you would probably have very smart money to bet that the Senate is going to come through in the clutch. They haven't shown they can do that yet. But this is going to be a big question for them: Can you get anything done in the U.S Senate? This is something that we know we need to do. It will be good for our economy. All of the Republicans have said that our Tax Code is a disaster. So if we send them a good bill, this is going to be a major test. Can you apply the majority that the voters gave us? Can you honor your promises and do something good for taxpayers? I hope the answer is yes. But I think in this body we have got to be focusing on, let's put the Senate to the test. Let's draft, debate, and pass a strong, bold, tax cut and tax reform. Mr. WALKER. Mr. Speaker, I thank the gentleman for his comments. I always appreciate the contribution that the gentleman makes to the House and to the American people. I could not agree more. For those who may be listening or watching, you may have seen, in the last few months, a heightened energy, or an urgency when it comes to calling out our partners in the Senate to begin to move and to begin to act--not just on things like repealing the healthcare, ObamaCare, but also moving, getting ready to move, hopefully, on tax reform. I know there has been some agreement on the framework, but, as the details continue to be more and more clear, we hope our colleagues on the Senate are ready to move quickly and swiftly for the American people. Mr. Speaker, I yield to the gentleman from South Carolina (Mr. Norman), a brand-new Member who came in from a special election to replace OMB Director Mick Mulvaney when he took the position with President Trump's administration. He has gotten up to speed quickly and is a huge asset to the Republican Study Committee and to the House Republicans as a whole. Mr. NORMAN. Mr. Speaker, I rise today to support the Republican Study Committee's three promises in 3 months' pledge to repeal ObamaCare, secure the border, and enable comprehensive tax reform. I applaud RSC's Chairman Mike Walker for his leadership on this and on this initiative. On the promises to repeal and secure, the House has begun to deliver by passing the American Health Care Act and providing $1.6 billion in border wall funding. Tonight, I want to focus on the third promise: passing comprehensive tax reform. Our Nation's Tax Code affects every family, business, and worker and is a key driver behind America's economic competitiveness. Congress has not passed comprehensive tax reform since 1986. That is 31 years. The average cost of a new house then in the United States was $89,430. For a new Ford F-150 pickup truck, the average price was $8,350. Mr. Speaker, it has been way too long before we have taken comprehensive tax reform into consideration. Since then, the number of pages in the IRS code has increased by nearly 50,000 pages. The corporate tax rate is at 35 percent, which is the highest in the industrialized world. Ireland's, to give you an example, is 12 percent. This is inexcusable. Congress took an important step forward last week through passing a budget resolution, and now it is time for the Senate to do their job on the budget so that we can deliver comprehensive tax reform for the American people. Mr. Speaker, our tax reform ***plan*** is both profamily, and proworker. The typical American family will receive a $4,000 pay raise under our ***plan*** and will turbocharge the economy through enabling gross domestic product growth to reach 3.2 percent minimum for the next 5 years. Mr. Speaker, I look forward to working with the House leadership, Chairman Brady, and all of the congressional Members to pass this fair and simple tax reform package to make this country as great as it can be. Mr. WALKER. Mr. Speaker, I thank the gentleman for his comments. As you see, three promises, 3 months; October, November, December, three promises, 3 months: repeal, reform, and secure. That is the promise from the Republican Study Committee, making up 157 members, 17 of the 20 chairmen. {time} 1745 Now it is in our ability to make sure this gets through the Senate and passed into law by the President. We can't force all that, but what we are committed to is doing our part and doing our job to get these pieces of legislation through regular order to the House for a vote to fulfill the promises that most of us ran on over the last several elections. It is also a wonderful privilege tonight to introduce our House veterinarian--the gentleman can define that as he would need if we need a House veterinarian--but the great Representative from central Florida who does fine work in the House, Dr. Ted Yoho. Mr. Speaker, I yield to the gentleman from Florida (Mr. Yoho). Mr. YOHO. Mr. Speaker, I appreciate the chairman's leadership on this. Mr. Speaker, I rise today in support of the three promises, 3-month initiative that you have outlined here, and I think it is so important that we follow through with this. I want to start with tax reform. Members can say: Why do we need tax reform? I think it is self-evident. Our Tax Code, as you heard, is the most burdensome in the world. It stifles economic growth, entrepreneurship, and it creates noncompliance. So we need to simplify it. We have told the American people we were going to do that if we get in charge. I think the repeal of ObamaCare--and some people get offended if we call it ObamaCare, so I will refer to it as the Affordable Care Act. It has disrupted over 20 percent of our economy, and I think it is not affordable. We can talk to so many different people. I know our premiums went up $11,000 since I have come to Congress. In fact, our policy got canceled when I came to Congress because of ObamaCare. Then I think the third part of that is we promised the American people that we would repeal this in its entirety and fix healthcare so that people have access to healthcare, it is affordable, and that it is quality care is the part that gets left out. Then I want to touch on border security. This is something that we have all run on. Any nation needs a secure border. A sovereign nation has to have a secure border, and they have to have control over their border. However, due to the failures of politicians past and present, the U.S southern border, in particular, remains porous. [[Page H7964]] I applaud President Trump for releasing a set of principles which I fully endorse and his priorities that are focused on making our borders more secure. President Trump's consistent message calling for better enforcement of our immigration laws and improving border security is one of the main reasons he won the Presidency. President Trump is sticking to his campaign promises, which is refreshing to see in Washington, D.C , these days, a town where too many times there is an aversion to making tough decisions in fear of how that will be viewed in the next election. So it is refreshing to see President Trump do what he said he was going to do. Protecting our borders, ending sanctuary cities, and facilitating State and local cooperation in immigration enforcement are commonsense ideas that will protect national security, promote public safety, and deter future illegal immigration. We are hard at work on solving these problems of illegal immigration in the House. Just three real quick facts: From November 2013 to July 2014, officials apprehended 143 individuals listed on the U.S terrorist watch list trying to cross the Mexican border and enter the U.S illegally. So many times I hear people say that this is not true and that this does not happen, but we know better. As of 2014, illegal immigrants were convicted and sentenced for about 13 percent of the crimes in the United States. Then, lastly, border security should also focus on maritime domain. Our Coast Guard, a hardworking branch of our military service, has set a new record for cocaine seizures at sea for the second consecutive year, seizing more than 455,000 pounds of cocaine in 2017 that was destined for the homeland. So I am proud to join the Republican Study Committee in recognizing the necessity of border security today. Mr. WALKER. Mr. Speaker, I thank Representative Yoho, and we appreciate the gentleman's work in the United States House. Mr. Speaker, one of the most accomplished men, sometimes a person whom we refer to as ``Governor'' around here when it comes to political minds, is the gentleman from South Carolina, Representative Mark Sanford. Week in and week out, he is a very diligent and great leader in this House. Mr. Speaker, it is my privilege to yield to the fine gentleman from South Carolina (Mr. Sanford). Mr. SANFORD. Mr. Speaker, I thank the gentleman for yielding. Mr. Speaker, I would make two quick points on the importance of tax reform. One, I would refer to an editorial that appeared in yesterday's Wall Street Journal. What it talked about was the nexus between deficits and tax reform. Oddly enough, if you look at the numbers here of late and if you look at the 2017 CBO report, what it shows is that, in fact, deficits are creeping up again. Last year's number is $668 billion. What they point to in this editorial was that a good part of the reason why deficits have escalated has been tied to anemic economic growth and that, unlike other recoveries that had been more robust in nature, the revenues had not come in as they have in past recoveries. As a consequence, deficits have exploded. So if you care about the deficits--and I do, and I know that the gentleman from North Carolina does, and I know that other members of the RSC do. If you care about deficits, then you have got to do something about tax reform this year was, in essence, the premise of the editorial. The other point I would make is this. In a capitalistic society, capital matters. In essence, it is a mathematical formula. Savings drives investment, which drives productivity gain, which ultimately impacts standards of living or wages, which we talk about. There are only two ways of increasing or improving human productivity. One is with gray matter: you can build a better mousetrap because you have been well educated and you can think of something different. The other is with physical capital. One person with a bulldozer can move a lot more dirt than one person with a shovel. Yet what we oftentimes forget in the debate on tax reform is how important it is that we encourage and, in essence, complement the efforts of those who are out there risking on a daily basis. So with that in mind, it is important that we have tax reform that includes people who are actually, again, building businesses. Think about this: the top 25 percent of the earners out there pay 90 percent of the taxes; the top 10 percent pay 60 percent of the taxes. Now, let's define that for just a second. If you are in the top 25 percent, that begins at $77,000. If you are in the top 10 percent, you are at $133,000. Now, tell me this: When I talk to a truck driver and a schoolteacher at home, their combined income could be around $100,000. Are they rich? I would say no. But they are out there making the kinds of risks that are necessary to the building of capital that was exactly what The Wall Street Journal talked about. If we want to do something about deficits, and if we want to do something about capital formation that is so necessary to raising wages, then we have got to do something about this equation. It is important that those earners and those small-business people not be left out, as is the case right now. That is yet another reason why tax reform is so important this year. Mr. WALKER. Mr. Speaker, I thank Representative Sanford; I appreciate the gentleman's good words, experience, and knowledge. Mr. Speaker, speaking of Congress as a whole, it is well past time to make sure that tax reform and tax relief gets across to the American people. A lot of times we talk about classes. The truth is it is probably better terminology to talk about income levels, lower, middle and higher income levels. That is one of the reasons that we are pushing forward the Charitable Giving Act, which is something that impacts both the lower and middle income levels. We believe that is something that needs to be connected to tax reform to make sure that those folks who come from a background of teachers and truck drivers as we just heard about, but also other areas of the middle class and maybe lower income levels, something that they have a way where they are able to make sure that every dollar and every sacrifice they give back to a charitable organization--whether it is a local church or whether it is to the United Way--to make sure that every dollar is counted. This is something that has been going on way too long. As we know, there are 75,000 pages right now of IRS Tax Code regulations. If the IRS wants to come after a private citizen, the private citizen doesn't have much of a resource ability to fight back whether it is in the legal or whether it is extended wealth. This is a machine that has been building, and the bureaucracy has been growing well past time. It is time to neuter the IRS. One of the ways we can do that is reducing it from seven tax brackets down to three. It was erroneously shared by somebody across the aisle recently that we are driving up the lowest bracket from 10 percent to 12 percent. The truth is this: we are condensing it right now to three tax brackets--35 percent, 25 percent, and 12 percent--and doubling the standard deduction from $12,000 to $24,000. This is something that we are looking forward to doing to benefit the American people. We talk much in these Halls about bipartisan support or bipartisan this or that. When did it become an issue, when did it become a problem, and when did it become a point of contention to allow the American people to keep more of the money from the hard work they put in day in and day out, week in and week out? That is something that we must do. That is something that should not even be a place of argument or a place of debate when it comes back allowing these folks to continue. For some, we can get past the tax credit language. We can move on beyond the charitable deductions and all the different political and accounting words. What about just the family of four that needs another car, that needs to be able to afford a car payment to get a mom or a dad back and forth to work, or maybe a teenager in the house? We have been through that twice now. We had more claims than we probably should, but we get it. But also, maybe it is a few more times out to eat or to the movies, the things that [[Page H7965]] make you want to get up every day and continue to pursue that American Dream. But not only from the individual side of this--certainly very important--but what about this corporate tax rate, this business rate that we talk constantly about that almost has become Washington jargon talking points? Why is that so important? Over the years since the 1930s and 1940s, our corporate business rate has climbed to the highest in the industrial world. Why is that? Why would we make it tougher on our manufacturers and our companies to have a higher tax rate? What incentive is it to stay here? We could track company after company. I come from the State of North Carolina where textiles and furniture used to be two of our top three job providers. A lot of those companies now you will find in Vietnam or other places. That corporate tax rate that literally has gone through the roof, why wouldn't we want to reduce that business rate? Why wouldn't we want to incentivize companies to begin to bring those jobs back to the United States? I think it is crucial, and I think it is somethi

ng that all of us should have the energy and the ability to be able to get behind and really push forward. We have been promising this for how long? Since 1986? I was a junior in high school. Thirty-one years this has been on the docket, and the moment is now for us to deliver. If it is not now, as Reagan used to say, then when? Then how? What should we be doing if it is not fulfilling the very promise that we have made to the American people, and that is that we are going to provide genuine--not some kind of phony legislation, not some kind of showboat, but genuine tax reform and tax relief for the American people? Now, you may hear sometimes that, hey, the Republican ***plan*** is only for the most wealthy. Let's look at the numbers. Let's put a little math equation up, if we could, please. Let's say that the most wealthy--if you are talking about somebody who makes $1 million, let's say we reduce their taxes by 1 percent. My math that I am doing here in my mind, that comes to about $10,000. Let's say, if you go to that middle-income family, two parents working as hard as they can, they are bringing about $50,000 a year annually, yet their tax break, their tax benefit is 10 percent. Now, math tells me that is only $5,000 compared to the $10,000. So you may hear the spin from time to time, well, the wealthier are getting the higher tax break, the wealthier are getting the higher tax credit. Listen, when it comes to dollar for dollar, the impact that that makes to the middle and lower income families is drastic. I will tell you this. Every time we turn around, every time that each Member goes back and forth to his district, he is hearing the same message: ``Get something done.'' Tax reform is one of those areas where, specifically, we are being compelled, we are being urged, and we are being called. My fellow Members in the House, please hear those urgent voices right now. Even if Members want to move past the tax relief and the humanitarian component, is it not politically ***strategic*** for us to do what we have promised to do on behalf of the American people? As I said in my opening, I am confident that the American people will deliver the final grade over the next 3 months. The 115th Congress, what kind of grade will we have over the next 3 months if we do not deliver on these three promises? I am hoping that that urgency is resonating. Repealing and replacing, continuing to fight to repeal and replace ObamaCare, to make sure that we are continuing to reform and do everything that we can to reform the Tax Code. Finally, the promise that we have been making year after year is to make sure that we are protecting the American people by securing our border. I understand that each of these items is a major legislative item in its own right. To be frank, we should have been delivering on them throughout the year. It is October, the 10th month of year. It is high past time. We only have such a busy agenda this late in the game because we haven't delivered on our promises. {time} 1800 I want to thank my colleagues and fellow Republican Study Committee members tonight for joining us this evening. I would ask the American people to continue to support and continue to urge their Members of Congress to deliver on these promises. Mr. Speaker, I yield back the balance of my time.

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[***Why finance, not just aid, is the key to dealing with humanitarian crises***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PNP-0HF1-F0GS-H0FC-00000-00&context=1516831)

Euromoney

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**Section:** EUROMONEY

**Length:** 5350 words

**Byline:** Helen Avery

**Highlight:** In the refugee camps of Jordan and Lebanon, life for the many of the 5 million Syrians displaced by civil war somehow goes on. A whole new financial ecosystem is needed to support the amazing resilience and initiative of many of these refugees, who have little prospect of going home. It presents a new challenge for NGOs and they need the help of investors, financial institutions and the private sector. Euromoney visited camps in Jordan and urban areas in Lebanon to talk to aid workers, government and non-government officials and the refugees themselves to find out what role the banking system can play in alleviating the greatest humanitarian challenge of this century.

**Body**

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| As part of the Norwegian Refugee Council's Youth ***Programme*** in Za'atari camp, |
| Syrian refugees receive training on carpentry, painting and blacksmithing. NRC |
| then helps them find employment opportunities inside and outside the camp |
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Amani Roumieh used to work for the ministry of energy in Damascus before her twins were born. Supported by her husband who owned two petrol stations, she left her job to open up a shop so she could spend more time with her children.That was until 2011, when the war broke out in Syria. Seeking refuge with extended family members in Lebanon, Roumieh, her husband and their three-year-olds fled the country and waited to see if the situation would improve. Not only did it not improve, it worsened, and as months turned into years, Roumieh says, living in Lebanon without work became increasingly difficult.She considers her family fortunate, however. For one, they left early enough in the crisis to be able to bring most of their belongings with them. Second, the apartment building she rents in Aley, a small hillside town about 15 minutes outside of Beirut, happens to be above the branch office of Al Majmoua, a micro-finance institution (MFI) serving economically depressed Lebanese and refugees.With a $1,000 loan from the MFI guaranteed by a supportive landlord, Roumieh was able to make improvements to a small commercial space on the main street downstairs, converting it into a store similar to the one she had owned in Damascus. The loan from Al Majmoua also helped her purchase stock, clothes she imports from her former contacts in Turkey and Syria.While Roumieh meets the loan repayments, business is not booming, she confesses. The competition from other refugees is fierce and the Lebanese economy has taken a beating since the crisis began. The number of Lebanese living below the poverty line has risen by 66% since the war broke out, as the country has struggled to integrate more than 1 million refugees (20% of its local population). Unemployment is reported to be 9%, but that figure is believed to be far lower than the actual rate. Among youth, the rate is over 30%."At least thanks to this loan I have work and can provide for my family," says Roumieh. "If you don't have work, you don't survive and where would we go? This is our home right now."Donor fatigueIt's been more than six years since the first anti-government demonstrations in Syria sparked a war that has so far claimed almost 500,000 lives and resulted in an estimated 5 million Syrians fleeing the country. The majority have ended up in neighbouring Turkey, Lebanon and Jordan, receiving emergency relief from non-governmental organizations. But acceptance is dawning on all sides that no one is going home to Syria soon.Across the world, conflicts are lasting longer. There are some 65 million displaced people worldwide as a result of conflict "" 21 million of these have left their countries. How long will they be away? Those in camps will remain there, on average, between 10 and 15 years.Further aggravating the Syrian refugee crisis is donor fatigue. There are simply too many long-running crises globally. In Africa, which hosts 80% of the world's refugees, South Sudan's war has been raging for almost four years and Somalia's almost eight. And not far from Syria in Yemen, the world's largest humanitarian crisis barely even makes news "" there, almost 20 million people are in need of humanitarian aid and more than 500,000 have contracted cholera in the midst of a war that began two-and-a-half years ago. There are simply not enough donations to go round.According to the United Nations, $4.5 billion was required to meet the urgent needs of the most vulnerable Syrians in 2016, but only $2.9 billion was received. The World Food ***Programme*** (WFP) in Jordan has only sufficient funds to serve almost half-a-million refugees until October this year."Imagine telling a mother with three children that this month she will only have JD50 ($70) instead of JD100 to feed her family. That's what we had to do in 2015. At the moment, it looks like we will have to do that again," says Shaza Moghraby at the WFP in Amman.What has become obvious to all NGOs and host country governments is that longer-term solutions to humanitarian crises are needed "" perhaps an entire shift in mindset.

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| Kilian Kleinschmidt, founder of humanitarian consultancy Switxboard |
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"There is a narrative around refugees that needs to change. For too long we have looked at them in terms of aid only and we consider them to be "~good' refugees if they are ***planning*** to go home," says Kilian Kleinschmidt, founder of humanitarian consultancy Switxboard and who used to run Jordan's largest Syrian refugee camp for the UN High Commission for Refugees."This mindset prevents us from seeing these people as humans, as people who had jobs and careers, and who have lost their right to work and to provide for themselves and their families. The humanitarian "~industry' needs to change towards helping displaced persons set up a new life and work, instead of keeping them dependent."IntegrationNGOs and host countries cannot make this shift alone. Last year, Jordan announced the Jordan Compact at the London donor conference, which puts forward a long-term solution to integrating Syrian refugees, including job creation for refugees and Jordanians who, like the Lebanese, have been impacted by the estimated 1.4 million Syrian refugees now living there.Jordan's unemployment rate is 18.4%; the highest the country has seen in 25 years. Among those it is has asked for new solutions and assistance are the finance industry and the private sector.Some are responding.In October, Citi, through its foundation's Pathways for Progress ***programme***, launched an initiative with the International Rescue Committee (IRC) to train almost 1,000 refugees in Nigeria, Greece and Jordan and help place them in available positions. As the ***programme*** focuses on youth employability and entrepreneurship skills, Citi's EMEA CEO, Jim Cowles, says it therefore also has a role to play in helping refugees and internally displaced people fulfil their goal of becoming contributing members of the economy.Citi is the only global bank to respond as yet and its initiative is imperative in the short term.Unable to support themselves and nervous that their aid will be cut, refugees, one aid worker says, are still sending young family members to make the perilous journey to Turkey and then by boat to Greece in the hope of finding work in Europe.In July, 1,000 refugees and migrants came ashore in Greece, according to aid workers.But there is much that can be done beyond corporate social responsibility efforts by banks and the private sector. Long-term solutions are needed in a way that the humanitarian industry has not seen before because the number of people making such journeys is likely to increase. The UNHCR estimates that the world could see 250 million displaced people by 2050, mostly because of climate change, let alone the millions that may be fleeing conflict.Those people have to go somewhere and they will need to be integrated and be able to support themselves. Innovative investment structures that support job creation and training, as well as bolstering local economies, must be part of any solution for the world's humanitarian crises.When it comes to helping the poor globally create a sustainable life, the responsibility has fallen chiefly on local microfinance institutions. They have also become the main formal lenders to refugees that are not in camps.There are only a handful of such institutions in Lebanon and Jordan, and with such large numbers of refugees arriving in a short amount of time, they have faced a steep learning curve. Their experience, however, offers valuable insights for larger financial services institutions considering serving not just refugees, but also migrants and asylum seekers around the world.Closing the gapAl Majmoua was set up by Save the Children in the mid 1990s to serve vulnerable women and is the largest MFI in Lebanon. It became independent in 1998 and now serves 70,000 clients, including refugees from Syria and Iraq and migrant workers from the Philippines, Sri Lanka and neighbouring Arab countries. In addition to offering small business loans, it offers free financial, business and vocational training.Youssef Fawaz has been with Al Majmoua since its inception and says that there is a gap between the support offered by relief agencies and governments and the traditional financial services sector that desperately needs closing."The ultra-poor need food and assistance "" not debt, as they would drown in it "" and they are typically served by NGOs and government agencies," he says. "But then there are those marginalized by the formal financial sector for a variety of reasons and they need just a small amount of money to get on their feet, to start a small business "" perhaps even just a $300 loan."

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| Refugee intiative: Sami practices shaving during the Barber and Hairstyling |
| class at NRC's youth training centre in Za'atari refugee camp in Jordan |
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Banks typically consider that size of loan to be too small, and tend to refuse refugees or the very poor. Al Majmoua, on the other hand, is designed to serve people who do not have a steady income, often have no credit history and certainly do not have much in the way of fixed assets or collateral they can pledge against loans. There is also the issue of flight risk that makes banks cautious.Al Majmoua itself learned a tough lesson about flight risk. During the Iraq war, it offered loans to Iraqi refugees in Lebanon, many of whom ultimately used the money to finance travel to Europe and North America. Two years ago, several of its Syrian clients also left without notice to join the wave of refugees heading to Europe. And it was not only refugee clients "" many Lebanese clients piggybacked on the Syrian crisis and fled the country without repaying loans."The flight risk can stand in the way of offering loans, we understand, but we don't look at it that way," admits Fawaz. "It is the human thing to do "" to help someone who is trying to get on their feet "" but we have also learned to be more cautious."One way Al Majmoua has kept flight risk down is through hiring loan officers in the communities targeted. Its agents make home visits and interview neighbours, spouses, customers, suppliers and employers of potential loan recipients to build a client profile. It is also working on teaming up with a Syrian microfinance institution, which could incentivize clients to keep a good credit history as they would carry it with them when they return. These days flight risk is lower. European countries are closing their borders and the hope of returning to Syria looks evermore distant.That has brought other challenges, chiefly discontent among the working poor in Lebanon. A few towns display banners declaring that refugees are unwelcome. There are also reports of stores owned by Syrian refugees being closed by local municipalities. It is an uncomfortable situation "" some of Lebanon's new residents will accept lower incomes than the Lebanese and therefore undercut local prices. People prefer to work than to just receive a handout. For some, direct cash assistance can come with a sense of shame, but we notice that those who work are happier -Tatiana Sibaai, Danish Refugee Council That ***produces*** conflict among clients. When Al Majmoua approached its Lebanese clients to ask how they would feel if they started offering loans to Syrian refugees, they unanimously said it would be disloyal."So we listened and instead focused on offering refugees non-financial services "" typically to women as they were seen as less threatening than men because they worked from home," says Fawaz. Training schemes were done alongside Lebanese women to improve communication between the groups.Women who met each other began to build relationships, says Fawaz, and from there Al Majmoua began asking Lebanese women in borrowing groups if they would accept a Syrian woman into their circle."With patience, that tension can be overcome," says Fawaz. Now Al Majmoua feels comfortable offering direct loans to people like Roumieh.The experience of Al Majmoua should be an encouragement to other financial institutions to follow suit. Fawaz points out that Al Majmoua has been financially sustainable since 2003. Microfinance is labour intensive (Al Majmoua has 400 employees), but the NGO makes a profit, which it puts back into its non-financial services, and less than 1% of its loans are in default. Fawaz adds that there is a lot of room for expansion.In Jordan, access to cheap capital is the challenge for the MFIs. Microfund for Women (MfW) is the main MFI in Jordan serving refugees and low-income Jordanians with startup, business and group loans. It too was born out of an initiative by Save the Children and has 140,000 clients, 3,600 of whom are Syrian refugees. Default rates are zero, in part because all loans are coupled with micro-insurance."Ill-health leads to defaults," says Eyad Nino, MfW's deputy general manager for ***strategic*** ***planning*** and operations. "If a person is absent from their business for just one week, the business can fail. So we provide hospital insurance and life insurance through a partnership with an insurance company."And to limit flight risk, all loans to Syrian refugees are also made through group lending; 50% of the group must be Jordanian. Again, almost all loans are to women.Nino is a passionate believer that much more could be done if the international and national financial industry were to show their support: "The struggle is that we are borrowing from banks to fund the loans at high interest rates and we're having to pass that on. We would be able to help many more people if funding costs were lower. What we want to say to the international financial services industry is: "~OK, if your country isn't prepared to take refugees, then you can help them another way. Lend to us at lower rates.'"Bdour Al-Hyari, business development manager at MfW, says that with the prolonged crisis, this is now what is needed. The MFI has identified another 150,000 potential clients, for example, that have had the training to be able to start work; what they need, however, is affordable financing. With financial institutions slow to help, MfW is exploring partnerships with alternative funding sources. It received a $2 million grant from the EBRD earlier this year and is looking to partner with charitable crowd-funding platform, Kiva, where loan capital for entrepreneurs could be crowd-sourced globally.Finding workNGOs have also begun to move into the realm of helping refugees find work. There are several thousand NGO cash-for-work positions both within the camps and outside in teaching assistance, maintenance, tailoring, construction and with the NGOs themselves. But it is not a long-term solution. The roles are typically revolved every one to three months to ensure everyone gets to work.In August, job permits also began being issued in the camps, allowing refugees to work in specific sectors such as ***agriculture*** and construction "" sectors identified as not eating into Jordanian jobs. About 800 have been issued within camps, and more than 50,000 have been issued in total of the government's target of 200,000.It is generous of Jordan, given its own unemployment issues and other countries' limited offers of work, but it will not be enough. There are some 120,000 refugees just in Jordan's two main camps, Za'atari and Azraq, and so NGOs have startedto help camp residents create their own businesses."Most of the people here are used to working and have now depleted any cash they brought with them," says Tatiana Sibaai of the Danish Refugee Council (DRC). "The number-one thing they ask for is a job opportunity. People prefer to work than to just receive a handout. For some, direct cash assistance can come with a sense of shame, but we notice that those who work are happier."

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| Refugees are developing their own market economy on the ChampsElysees |
| of Za'atari refugee camp |
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She points to Za'atari camp as evidence of the potential for a vibrant economy. Due to Za'atari's organic development, entrepreneurship has quickly sprung up. Syria's economy was predominantly family stores and entrepreneurship was part of the culture. The camp has around 1,000 small businesses, most of which are on two shopping "~streets', referred to by the refugees as the Champs Elysees. Now the storefronts themselves are highly coveted and can be sold for as much as JD50,000 if one can find an informal loan from a relative to buy one.Azraq, however, was set up much later in 2014 as the Za'atari camp hit capacity and the number of Syrians at the Jordanian border grew to more than 20,000.Azraq is considered the camp where lessons have been learned, and so has a more formal structure.To own a formal storefront requires a licence that the Jordanian government and UNHCR working together issue to the most vulnerable of refugees only.It is a start, but there are 40,000 refugees in Azraq and only 100 licences have been handed out so far, 50 to Syrian refugees and 50 to external Jordanians. And while the system seeks to be fairer, it does not consider business acumen and some of the stores fail, never to be opened again.It has encouraged the DRC to move into offering business grants to increase the opportunities for work in Azraq. That opportunity is crucial for many reasons. As was acknowledged by the Jordan Compact "" signed in London in 2016 between the Kingdom and the international community "" refugees need access to more durable solutions that go beyond the basic assistance they receive from the aid agencies (about JD20 a week), particularly as donor fatigue increases.Another reason is that as NGOs have been able to shift from emergency response to providing additional services, like the psycho-social support the DRC offers, it has become clear that keeping busy and having a purpose and goal can go a long way to alleviating the emotional trauma that affects a large proportion of the camps' residents. Prolonged boredom, the inability to support oneself, combined with emotional trauma are a recipe for trouble in many forms, especially among the young.One donor points out the tragedy of such a situation: "So many young men left or were sent out of Syria by their families precisely to avoid being forced to serve in any of the numerous militia that exist in Syria, including the Islamic State. It is our duty as global citizens to protect those men, therefore, and we can do that by helping them build a life."One of the DRC's first grants was to cousins Ali Al Ibrahim and Noura Al Mahmoud, both of whom have been in Azraq three years.

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| Noura Al Mahmoud's bridal salon |

Al Mahmoud, 24 years old, had not worked in Syria, but took an in-camp training in hairdressing and beauty. She saw an opportunity to open a bridal salon in her caravan within the camp. It can be hard to conceive for those who have not been to a camp, but life goes on, and weddings are frequent, as are the many other celebrations of life.Supported by Al Ibrahim, who is responsible for the purchase of items, marketing and the finance of their business, Al Mahmoud asked for a business grant from the DRC to buy things such as a mirror, chairs and hair tongs from the camp supermarket. From a JD300 loan, she turned part of her family's caravan into a salon, ***producing*** JD85 in revenue in the first month of operation."It's a start," says Reem Alafaghani, the DRC's senior livelihoods officer at Azraq camp. "Running this business, they are able to depend a little on themselves and provide for their respective spouses and children."The extra earnings also enable refugees to make their lives more comfortable. Indeed, six years into the crisis, tents have been replaced by more stable structures such as Al Mahmoud's caravan that now have some electricity at certain times of the day and basic plumbing. With money, there is nothing that cannot be bought to be more comfortable in the camps. Washing machines, air conditioning units, cameras, mobile phones, clothes and furniture can all be purchased on the Champs Elysee or in Azraq's market and supermarket.Lack of resourcesThis is a new venture for the DRC. So far, only eight people have been given grants out of 17 proposals (with the intention to distribute up to 80 more this year). Business ideas have included shoe repair, much needed in the harsh terrain of the camps; a candy floss stall for children; furniture making; pickling; and a delivery service from the camp supermarket. All applicants are required to take a 15-hour financial literacy training course; if they receive a grant, they are offered business development training. Those turned down are also offered advice and encouraged to resubmit proposals.Sibaai says the DRC would benefit from a long-term private-sector partner or financial services company that would be able to tailor a sustainable lending ***programme***. While they are being approached by donors to help with business grants, they lack the resources and experience to accelerate their pace. "We are just nine people here in Azraq," points out Sibaai.She adds that there are many options to be explored to help people get on their feet and start building a life, such as another DRC ***programme*** where JD20 was given to several refugees that had tailoring skills for the purchase of materials."From that small amount, the tailors have been able to create clothes and sell them for a small profit, which has enabled them to buy more materials and so on," says Sibaai. "We are offering space for the refugees to have a clothes market so they can get their businesses going, and we hope to offer more advanced tailoring training to help them hone their skills."Mercy Corps, one of the largest NGOs in the world, is also answering the call. It supports vulnerable Jordanians and Syrian refugees through humanitarian relief, economic opportunities, social stability, water and renewable energy.As part of its research into how to support refugees' financial inclusion, the NGO highlighted a need for loans for the new store owners in Azraq's camp and partnered with a women's community cooperative in Azraq town to establish an interest-free revolving loan fund, after failing to find an MFI that operated in the camps."The second-best option in terms of sustainability was to go with the co-op and it's working well," says Lorenz Wild, Mercy Corps' economic opportunities and market development director in Amman.Mercy Corps is also working on economic development and job creation in Jordan itself."With the population increase, rental prices have gone up, while wage rates in the informal sector have decreased and public services such as schools, parks and health centres are being used by more people," says Wild. "The sentiment of the poorest Jordanians is that they are hosting neighbours and friends, but with a stagnant economy and the Syrian and Iraqi border closures they are struggling too."The NGO has two main projects designed to strengthen the olive oil and dairy sectors in northern Jordan."Instead of providing solutions directly as an NGO, we aim to stay outside the market and strengthen the system by creating partnerships with Jordanian market players," says Wild. For example, it partnered with Jordan's National Centre for ***Agriculture*** Research Extension to offer training in best practice for dairy farmers and processors, and in basic business skills such as marketing and sales. It then links farmers to medium-sized processing companies. So far, the companies Mercy Corps has worked with anticipate an increase in profits of between 30% and 60% and ***plan*** on hiring more workers.Technology hubTechnology is another industry that the Jordanian government hopes, with development, may alleviate some of the youth employment challenges the country faces, which are similar to Lebanon's.After Yahoo! acquired Amman-based Maktoob (the first Arabic/English email service provider) in 2009, there have been several investments to support the growth of Jordan as a technology hub in the Middle East and north Africa. These include the development of the King Hussein business park in Amman that is home to companies such as Microsoft and Samsung and hosts tech and creative startup accelerator Oasis500 and telecoms company Zain's co-working space, Zinc.Nora Moughrabi is the marketing and PR officer for Oasis500, which is funded by venture capital and the King Abdullah II development fund. It has seen 130 startups come through its doors, including some founded by refugees."Given our economy, 60,000 jobs need to be created every year," she says. "There's really no alternative than to encourage companies to come here or to support the creation of new businesses." In May, Expedia announced it would open a software development office in Amman.There is a sense that technology could be an industry that benefits both Jordanians and refugees "" if the training is there. That is where ReBootKamp (RBK) enters the picture.Founded by Hugh Bosely, who has worked in Silicon Valley, RBK's model provides accelerated training in software development and coding for both Jordanians and refugees. Bosely points out that by 2025, the skills gap in tech is going to be about 1.5 million employees worldwide.

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| Students celebrate graduating (top) fromRBK, which provides accelerated |  |  |
| training in software development and coding for both Jordanians and |  |  |
| refugees (above, left and right) |  |  |
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"Already there are hundreds of thousands of vacancies that need to be filled," he says. "So Silicon Valley will need to outsource. Why not do so to regions that are suffering the impact of humanitarian crises?"

RBK works directly with hiring partners "" some 30 in total. Students take two highly intensive courses spanning 19 weeks. From 2,000 applicants with different work experience, age, gender and ethnicity, about 60 are chosen and some 40 will graduate and be put forward for jobs. Of 47 graduated thus far, 36 have found permanent employment locally. The rest are expected to be in work within six months of graduation.

Bosely points out that the curriculum could be easily adapted from software engineering to medicine, architecture or mathematics, and that many of the skills ***produced*** are not only industry specific "" such as leadership and confidence. Tuition is $7,000 per student with support from SAP, UNDP, NGO Spark and the DRC. For those not covered by a scholarship, RBK uses a deferred tuition model, taking 18% of a graduate's monthly pay until their debt is paid.

Mercy Corp's Wild points to Gaza Sky Geeks as another example of where jobs can be created in tech.

Gaza Sky Geeks is a tech incubator and co-working space in Gaza that was founded in partnership with Google and Mercy Corps. It offers an online freelancing academy and coding academy to help youth get work as online freelancers and to launch their own tech companies.Commitment

It requires a commitment by companies to seek out refugee hires. Western Union for example has outsourced some of its coding and data entry jobs to refugees as part of its corporate commitment to the community. It is working with the International Rescue Committee. The two also worked with online course provider Udemy to see if there are courses that could be created by refugees.

People in the Za'atari camp were approached and Safa'a Sukkariah asked to create an online course on plumbing. Due to cultural norms, women cannot invite men into their home to make repairs without another trusted man being present, so Sukkariah found there was a need for skilled female plumbers. She now has a pay-to-train course on Udemy's website.

Initiatives like Gaza Sky Geeks and RBK are obvious examples of what could be included in an impact fund or social impact bond. So too is RefuAid's initiative in the UK with refugees. There, it teams up with local English language schools so that empty seats can be taken by refugees.

"One of our clients, for example, was a neurosurgeon in Syria, yet because his English was not fluent, he was unable to get a job," says Anna Jones, co-founder of non-profit RefuAid. "That is easily fixed. There are many cases of qualified refugees who would be able to get a well-paying job if there was an investment in language proficiency."

So far there have been no humanitarian social impact bonds that focus on jobs. Belgian impact investment firm Kois Invest may be about to change that however. It has been working on an impact bond for job creation in response to refugee crises in the Middle East through a grant from non-profit Convergence in Canada.

Elina Sarkisova, who is involved in the refugee impact bond project at Kois, says the firm is hoping to create a bond structure in which private investors provide working capital to service providers that are delivering evidence-based livelihood ***programmes*** to Syrian refugees. Donors pay back investors if and when social outcomes are achieved, with a financial return that varies with the level of social impact. The bond focuses on employment and entrepreneurship in Jordan, Lebanon and Turkey, for both refugees and vulnerable local populations.

Sarkisova says the firm has just completed a seven-month feasibility study and it is too soon to say what the size or who the partners will be, but it ***plans*** to move into the structuring phase this year, with an expected launch in mid-2018.

"It's not easy for sure," she says. "There are political considerations, the issue of work permits and regulation, and finding the right partners to work with is challenging. All this and a sharp focus on not creating any distortionary factors"¦ but this crisis isn't going anywhere. Developing a jobs market is key in bridging the gap between emergency aid and long-term development."Urgency

There is a growing sense of urgency around bridging that gap. Jordan and Lebanon have taken twice as many Syrian refugees as the whole of Europe and North America combined. Aside from the moral issue of assisting these countries, it is in everyone's interest to limit further tension in the Middle East caused by high unemployment and poverty "" Jordan is the one of the few stable countries in that region.

The western world needs to figure out sooner rather than later the best ways to create new jobs in countries affected by climate change and conflict.

Some have made a start. The government of Germany, which has accepted about half a million Syrian refugees, is already running research projects in Africa to see what can be done to create jobs or retrain people forced to leave the ever-expanding Sahel. It is also partnering in research in countries such as Armenia that have suffered from net emigration and could therefore benefit from skilled migrants. (About 30,000 Syrians are thought to have resettled in Armenia).

It makes sense to act preemptively. Italy, for example, is struggling to absorb the 82,000 economic migrants that arrived by boat from Africa this year alone. The work done now in creating jobs for Syrian refugees might well provide solutions that will prove invaluable in the years to come.

"Tens of millions of people without the ability to support themselves is a humanitarian crisis, and collectively we need to recognize that," says Kleinschmidt. "In Uganda, the government wants to give land to 1 million refugees from South Sudan so that they can start a new life "" only it can't find donor or investment money because that initiative is not seen traditionally as a humanitarian response. Our mindset needs to shift."

That is why Kleinschmidt founded Switxboard, a network to help governments, private sector, academia, agencies, NGOs, financial institutions, and digital innovators connect and help excluded communities access global resources and develop their opportunities.

If we are to tackle ever-longer, ever-more complex humanitarian crises, rather than prolong them, everyone will have to work together.

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[***M and A Navigator: Deal pipeline ""8 February***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RKW-SHD1-JD3Y-Y193-00000-00&context=1516831)

FinancialWire

February 8, 2018 Thursday

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**Body**

The following is a list of deals covered in detail by M and A Navigator this week:

-OWENS CORNING CLOSES ACQUISITION OF FINLAND'S PAROC IN DEAL VALUED AT EUR 900M

Ohio, US-based insulation, roofing and fiberglass components manufacturer Owens Corning (NYSE: OC) has closed the acquisition of Finland-based mineral wool insulation ***producer*** Paroc Group Oy from Luxembourg-based private equity firm CVC Capital Partners, the company said.

Owens Corning acquired Paroc for an enterprise value of approximately EUR 900m (USD 1048m). The company ***plans*** to finance the acquisition through a combination of long-term debt and pre-payable bank financings.

Status: Closed

-INSPIRE BRANDS LAUNCHES WITH RESTAURANT CHAINS ARBY'S, BUFFALO WILD WINGS

US-based restaurant company Inspire Brands, Inc has launched following the completion of a USD 2.9bn acquisition of Buffalo Wild Wings, Inc. by Arby's Restaurant Group, Inc., the company said.

Inspire was co-founded by Paul Brown of Arby's and Neal Aronson of Roark. Brown will serve as chief executive officer of the company. Inspire will oversee the continued growth and success of Arby's, Buffalo Wild Wings and an emerging brand, R Taco, while building a platform for future ***strategic*** additions. Inspire is one of the largest owner-operators of restaurants with more than 1,700 company-owned restaurants.

Status: Closed

-ANTARES CAPITAL SUPPORTS WELLSPRING CAPITAL MANAGEMENT'S ACQUISITION OF SUPPLYONE

US-based middle market private debt provider Antares Capital is serving as administrative agent and lead arranger on a USD 170m senior secured credit facility to support the acquisition of US-based packaging products distributor and converter SupplyOne, Inc. by US-based private equity firm Wellspring Capital Management LLC, the company said.

SupplyOne has built a strong geographic footprint across the United States, and the ability to add value to Wellspring and SupplyOne's customers' businesses by lowering total packaging costs.

Status: Closed

-FCB RECEIVES REGULATORY APPROVALS FOR USD 88M ACQUISITION OF FLORIDIAN COMMUNITY BANK

Florida, US-based bank holding company FCB Financial Holdings, Inc. (NYSE: FCB) has received approval from both the Federal Reserve Bank of Atlanta and the Office of the Comptroller of the Currency of its applications for its pending acquisition of Floridian Community in a merger transaction valued at USD 88.1m, the company said.

This deal was announced last October. Subject to the terms of the merger agreement, Floridian Community shareholders will receive 0.4584x shares of FCB class A common stock for each outstanding share of Floridian Community common stock and 1.75 m shares in the aggregate.

Status: Agreed

-DRAGON PRODUCTS ACQUIRES OILFIELD PRODUCTION EQUIPMENT PROVIDER FABTECH

US-based energy and industrial industry products manufacturer Dragon Products, LLC has completed the acquisition of the assets of FabTech from Nalco Champion, a division of water, hygiene and energy technologies and services provider Ecolab, the company said.

Wyoming-based FabTech custom designs, engineers, and fabricates oilfield production equipment and develops packages that meet the most demanding design and performance specifications. FabTech features engineered pump packages for upstream and midstream markets, engineered liquid measurement skids for upstream and downstream markets, and CO2 flooding systems for enhanced well recovery.

Status: Closed

-NEC ACQUIRES GERMAN DISPLAY SYSTEMS PROVIDER S[QADRAT] TO EXPAND LED PORTFOLIO

Chicago, US-based visual solutions provider NEC Display Solutions, Ltd. has acquired Germany LED solutions provider S[quadrat] to add indoor and outdoor LED solutions to NEC's display technology portfolio, the company said.

The new acquisition will enable NEC to integrate and further develop its LED solutions and continue to develop its professional services and additional support capabilities. By providing a total package of full-service offerings along with its premium display technology, NEC can offer end-to-end visualisation services to its customers.

Status: Closed

-ASPENTECH ACQUIRES APEX OPTIMISATION TO EXPAND GDOT SOFTWARE

Massachusetts, US-based asset optimisation software company Aspen Technology, Inc. (NASDAQ: AZPN) has acquired Australia-based dynamic optimisation and advance process control provider Apex Optimisation, the company said.

Apex's generic dynamic optimisation technology (GDOT) software aligns advanced process control with ***planning*** and scheduling, enabling unified production optimisation for refineries and petrochemical companies in complex industrial environments.

Status: Closed

-FIFTH THIRD BANCORP ACQUIRES CORKER CAPITAL ADVISOR TO BROADEN INVESTMENT BANKING CAPABILITIES

Ohio, US-based financial services firm Fifth Third Bancorp's (NASDAQ: FITB) Fifth Third Securities Inc. business has agreed to acquire M and A advisory services firm Coker Capital Advisors, to expand investment banking and M and A capabilities, the company said.

Fifth Third said the addition of Coker Capital Advisors builds upon the strength of the company's healthcare vertical. Additionally, it complements the capabilities of the company's M and A team.

Status: Closed

-NORTHEAST UNITED SOCCER, BSC OREGON YOUTH SOCCER CLUBS MERGE TO CREATE UNITED PDX

Oregon, US-based Northeast United Soccer Club (NEU) and Oregon-based soccer club Bridlemile Soccer Club (BSC Oregon) have agreed to merge under the name United PDX (United) to enhance opportunities for youth players in Portland, Oregon, the company said.

The combination of NEU and BSC will serve nearly 2,700 families throughout the Portland metro area. The club will introduce soccer to children in neighborhood-based ***programmes*** and continue their development within a single organisation through a city-wide high school ***programme***. United PDX will also consolidate its US Development Academy ***programme***, an elite player platform for children.

Status: Agreed

-SCHURZ COMMUNICATIONS ACQUIRES ONLINE TECH TO EXPAND CLOUD MIGRATION SERVICES

Indiana, US-based news and information company Schurz Communications Inc. has acquired Michigan, US-based cloud and colocation hosting services provider Online Tech, LLC to enter cloud market with compliant hybrid cloud solutions, the company said.

The investment represents entrance into the rapidly-growing cloud market with a proven platform that can be built upon for future generations. Online Tech ***plans*** accelerate and expand its footprint into additional underserved markets across the nation to ensure more customers have access to secure and compliant hybrid cloud solutions, superior customer support and managed IT services.

Status: Closed

-JERNIGAN CAPITAL ACQUIRES MEMBERSHIP INTERESTS IN SELF-STORAGE DEVELOPER PARTNERS FOR USD 8.1M

Tennessee, US-based real estate investment trust Jernigan Capital, Inc. (NYSE: JCAP) has acquired 100% ownership of three self-storage facilities of developer partners in Jacksonville, Florida and Atlanta, Georgia for USD 8.1m, the company said.

Jernigan Capital's development loans on the three properties were converted to equity. Based on aggregate estimated stabilised NOI and the company's aggregate USD 28.9m cash investment in the three properties, the company estimates its weighted average cap rate on the three properties is 8.04%.

Status: Closed

-MIDSTATES PETROLEUM PROPOSES MERGER WITH SANDRIDGE ENERGY TO YIELD MARKET CAPITALISATION OF USD 1BN

Oklahoma, US-based Midstates Petroleum Company, Inc. (NYSE: MPO) has proposed a merger with SandRidge Energy, Inc. (NYSE: SD) to create an exploration and production company in the Mississippian Lime play with a market capitalisation of USD 1.0bn, the company said.

The proposed transaction is an all-stock merger. Under the terms of the proposal, SandRidge shareholders would own approximately 60% of the combined company and Midstates shareholders would own 40%. Under the terms of the proposal, SandRidge shareholders would receive 1.068 shares of Midstates for each existing SandRidge share. Midstates is prepared to work to close the transaction as soon as 2Q18.

Status: Agreed

-DEL MONTE FRESH ***PRODUCE*** TO ACQUIRE MANN PACKING FOR USD 361M

Florida, US-based Del Monte Fresh ***Produce*** N.A., Inc. has agreed to acquire California, US-based vegetable grower, processor and supplier Mann Packing Co., Inc. for an aggregate consideration of approximately USD 361m, the company said

Del Monte Fresh ***Produce*** N.A., Inc. is the North American subsidiary of Fresh Del Monte ***Produce*** Inc. (NYSE: FDP). The cash transaction is financed with cash on hand and the company's existing credit facility. The company expects the acquisition to be accretive to earnings in the first year. The transaction is expected to close during 1Q18.

Status: Agreed

-CLOUDBEES ACQUIRES CODESHIP TO STRENGTHEN MARKET POSITION IN CONTINUOUS INTEGRATION/DELIVERY

California, US-based CloudBees, Inc., the hub of enterprise Jenkins and DevOps, has acquired Boston, US-based SaaS continuous integration and continuous delivery provider Codeship to strengthen CloudBees' market position with an automated platform for individual developers and project teams to test, integrate and deploy code, the company said

The acquisition gives CloudBees a broader portfolio of CI/CD solutions for organisations of all sizes, and with support for several CI/CD philosophies and approaches. Adding the Codeship SaaS enables CloudBees to serve a growing segment of the market looking for SaaS-delivered CI/CD solutions that are easy to use.

Status: Closed

-DODGE COMMUNICATIONS, AVID DESIGN MERGE TO REBRAND AS MERGE ATLANTA

Georgia, US-based healthcare marketing and PR firm Dodge Communications has agreed to merge with Georgia-based healthcare and hospital digital agency Avid Design, Inc. to rebrand as marketing communications and technology agency Mege Atlanta, the company said.

The new group creates a national digital communications agency with nearly 40 years of combined experience working with hundreds of healthcare clients, including hospitals and health systems, provider practices, payers, healthcare IT, pharmaceuticals and life sciences.

Status: Agreed

-ANOVA TECHNOLOGIES ACQUIRES WIRELESS ASSETS NETWORKS TO SPEED FINANCIAL CONNECTIVITY

Chicago, US-based financial connectivity provider Anova Technologies has acquired long haul wireless assets to interconnect Chicago metro networks with New Jersey giving Anova the capability double the typical capacity of most microwave systems built in this geographic corridor, the company said.

Anova said the acquired network the high capacity could offer customers additional services in addition to serving as a primary network. With this acquisition, Anova now has almost 1,600 kilometers of RF network active and is a wireless carrier for the financial industry.

Status: Closed

-XYLEM BOLSTERS SMART WATER INFRASTRUCTURE SOLUTIONS WITH ACQUISITION OF EMNET

New York, US-based water technology company Xylem Inc. (NYSE: XYL) has acquired Indiana, US-based engineering consultancy EmNet, LLC to expand Xylem's portfolio of advanced infrastructure analytics solutions and capabilities, the company said.

Xylem said the addition to its infrastructure portfolio increases its ability to help customers manage their wastewater network and storm water systems, areas of growing concern. EmNet said joining Xylem empowers its team to accelerate its progress and expand its mission to a global scale.

Status: Closed

-CONCORD DIRECT ACQUIRES STRENGTH IN MEMBERS DIGITAL MARKETING FIRM

New Hampshire, US-based direct response marketing company Concord Direct has acquired Colorado, US-based digital marketing agency Strength in Members to boost digital fundraising and channel integration, the company said.

The two companies have worked collaboratively for the past two years, helping organisations launch and improve their digital lead acquisition, strategy, ***programme*** development, email creative and production, and search and social advertising. Concord Direct said the transaction integrates the direct mail and digital solutions it develops to help clients achieve their goals.

Status: Closed

-HOUZZ ACQUIRES IVYMARK INTERIOR DESIGN BUSINESS MANAGEMENT PLATFORM

California, US-based home remodeling and design platform Houzz Inc. has acquired New York, US-based start-up IvyMark, a business management software provider for interior design firms to help interior designers and other home design companies run their businesses more effectively, the company said.

The addition of IvyMark's platform will enable Houzz to provide home professionals with tools that will help them run their businesses more profitably, efficiently, effectively. IvyMark said Houzz will allow it to continue its mission of modernising the way interior designers do business, while opening the door to new opportunities.

Status: Closed

-BLACK BEAR SPORTS ACQUIRES JERSEY SHORE ARENA ICE RINK

New Jersey, US-based sports and entertainment facilities operator Black Bear Sports Group, Inc. (BBSG) has acquired substantially all assets of the New Jersey based ice rink Jersey Shore Arena, the company said.

The Arena features a pro shop, laser tag, the Penalty Box Café, and a high performance training gym utilised by youth and high school hockey clubs. The Arena is the eighth ice rink purchased by BBSG. Other ice rink holdings include rinks in New Jersey, Illinois, Maryland and Pennsylvania, US.

Status: Closed

-COPLEY EQUITY PARTNERS FINALISES MAJORITY INVESTMENT IN NORTH STAR LEASING

Boston, US-based private investment firm Copley Equity Partners has completed a majority investment in Vermont, US-based equipment financing provider North Star Leasing to advance business growth, the company said.

North Star Leasing said the availability of capital through Copley will allow the company to take advantage of the much fragmented industry and help bring business to a new level. The company provides specialised lease solutions for customers across numerous industries including automotive, healthcare, pet-supply and restaurant.

Status: Closed

-VERSCEND TO ACQUIRE GENERAL DYNAMICS' PAYER PRODUCTS TO ENHANCE HEALTHCARE PAYMENT SOLUTIONS

Massachusetts, US-based data-driven healthcare solutions provider Verscend Technologies, Inc. has agreed to acquire the commercial health insurance payer-focussed products business from Virginia, US-based General Dynamics Information Technology to detection and prevention of fraud, waste and abuse, the company said.

Veriscend said the announcement of the acquisition reinforces its market leadership in healthcare data analytics and commitment to helping payer organisations make sound clinical and financial decisions for the benefit of their members, businesses, and customers.

Status: Agreed

-JEFFERSON DENTAL CARE EXPANDS SERVICES IN TEXAS WITH ACQUISITION OF SMILE CENTER

Texas, US-based dental services provider Jefferson Dental Care (JDC) has acquired Texas, US-based dental support organisation The Smile Center to increase presence in the San Antonio, Texas market, the company said.

Jefferson Dental Care is a portfolio company of private equity firm Brentwood Associates. JDC said the Smile Center will bolsters its team of experienced affiliated dentists. This transaction marks the beginning of a growth period for JDC, as the company continues to focus on expanding in its core markets as well as into new geographies through accretive add-on opportunities and de novo development.

Status: Closed

-TALLGRASS ENERGY PARTNERS SUBSIDIARY ACQUIRES BAKKEN-BASED WATER INFRASTRUCTURE ASSETS FOR USD 95M

Kansas, US-based BNN Water Solutions, LLC has acquired water infrastructure assets of Bakken water infrastructure assets for USD 95m to expand water infrastructure footprint in the Bakken, the company said.

BNN Water Solutions, LLC is a subsidiary of Tallgrass Energy Partners, LP (NYSE: TEP). BNN acquired Buckhorn SWD Solutions, LLC and Buckhorn Energy Services, LLC, which collectively own 10 salt water disposal wells and approximately 39 miles of ***produced*** water gathering infrastructure for a cash purchase price of approximately USD 95m.

Status: Closed

-TEMPLUM TO ACQUIRE LIQUID MARKETS GROUP BROKER/DEALER LIQUID M CAPITAL

New York, US-based tokenised asset technology company Templum, Inc. has agreed to acquire Liquid M Capital, the broker dealer and alternative trading system (ATS) of financial technology company and broker dealer Liquid Markets Group, LLC, the company said.

The acquisition will position Templum in the sale of TAOs and the secondary trading of digital assets as securities. The transaction is subject to regulatory approval. Liquid Markets Group said the combination of Templum's team, technology prowess, and capital with Liquid M's alternative trading system, quotation bureau, and qualified matching service for digital assets as securities will position Templum to drive the evolution of this asset class.

Status: Agreed

-HANA FINANCIAL TO SELL ITS SBA LENDING UNIT TO PATRIOT NATIONAL BANCORP

US-based factoring, asset based lending and SBA lending provider Hana Financial, Inc's Hana Small Business Lending, Inc subsidiary and US-based bank holding company Patriot National Bancorp, Inc. (NASDAQ: PNBK) have signed a definitive purchase agreement pursuant to which Patriot will acquire Hana Financial's SBA Lending business, the companies said.

Hana SBL is a fully integrated national SBA origination and servicing platform. Its team has originated nearly USD 1bn of SBA 7(a) loans since its inception and has achieved strong and consistent performance.

Status: Agreed

-SYNGENTA CLOSES ACQUISITION OF NIDERA SEEDS FROM COFCO

Switzerland-based agribusiness Syngenta has closed the acquisition of Netherlands-based seed business Nidera Seed, currently owned by China-based rice and ***agricultural*** products company China Foods Limited, formerly COFCO International, the company said.

According to Food Ingredients First, COFCO purchased 51% of the shares of Netherlands-based Nidera BV in 2014 and completed a full takeover of Nidera earlier this year as part of a comprehensive expansion of its international grains trading business.

Status: Closed

-BERRY GLOBAL CLOSES ACQUISITION OF THE CLOPAY PLASTIC TO EXPAND INTO HEALTHY/HYGIENE MARKETS

Indiana, US-based plastic packaging and protective solutions provider Berry Global Group, Inc. (NYSE: BERY) has closed the acquisition of Ohio, US-based specialty films and laminates manufacturer Clopay Plastic Products Co, Inc. for USD 475m in cash, the company said.

Berry said it intends to fund the acquisition with existing liquidity or additional debt offering. Clopay Plastic Products company, Inc. is a subsidiary of New York, US-based multinational conglomerate holding company Griffon Corp. (NYSE: GFF). Berry said the proposed acquisition of Clopay is directly aligned with its fundamental ***strategic*** initiatives. Clopay's global capabilities and unique technology platform will add to Berry's organisation.

Status: Closed

-MEXICHEM CLOSES ACQUISITION OF 80% STAKE IN ISRAELI IRRIGATION FIRM NETAFILM IN USD 1.895BN DEAL

Mexico-based chemical company Mexichem, S.A.B. de C.V. (BMV: MEXCHEM) has closed the acquisition of an 80% stake in Israeli-based smart irrigation firm Netafim, Ltd. from a company backed by the Permira Funds and other minority shareholders, the company said.

This deal was announced last August. The total enterprise value of the transaction is USD 1.895bn. Mexichem will fund the acquisition with a combination of cash and debt. Kibbutz Hatzerim, the founder, will retain the remaining 20% stake of Netafim's share capital.

Status: Closed

-PIN OAK ENERGY CLOSES ACQUISITION OF NEARLY 70,000 NET ACRES IN THE UTICA/POINT PLEASANT PLAY

Ohio, US-based Appalachian Basin energy company Pin Oak Energy Partners LLC has closed on a series of transactions with multiple sellers, the company said.

The transactions include the acquisition of nearly 70,000 net acres (90% HBP) prospective for Utica/Point Pleasant development in Ohio and Pennsylvania, additional midstream assets in northern Pennsylvania including two (2) taps into Tennessee Gas Pipeline along with associated gas processing capabilities, and thirty-three conventional wells in Ohio that ***produce*** from the deep Knox Group of geologic formations.

Status: Closed

-EUROPEAN COMMISSION CLEARS DISCOVERY COMMUNICATIONS TO ACQUIRE SCRIPPS NETWORKS INTERACTIVE IN USD 14.6BN DEAL

The European Commission has cleared Maryland, US-based entertainment company Discovery Communications, Inc.'s (NASDAQ: DISCA) (NASDAQ: DISCB) (NASDAQ: DISCK) proposed acquisition of Tennessee, US-based media company Scripps Networks Interactive, Inc. (NASDAQ: SNI) in a cash-and-stock transaction valued at USD 14.6bn, the company said.

This deal was announced last July. Discovery is acquiring Scripps for USD 90 per share, based on Discovery's 21 July closing price. The purchase price represents a premium of 34% to Scripps' unaffected share price as of Tuesday, July 18, 2017. The transaction is expected to close by early 2018.

Status: Agreed

-PI CAPITAL ADVISES VIENTOS SOLUTIONS ON RENEWABLE ENERGY ACQUISITIONS IN BRAZIL

US-based financial advisory Pi Capital's affiliated broker-dealer, Marco Polo Securities Inc., advised US-based energy company Vientos Solutions LLC on the acquisition of controlling interests in two photovoltaic solar generation projects in the State of Bahia, Brazil SPE Assuruá Geradora de Energia Solar S.A. and UFV Verde Vale III, Ltda.

Vientos Solutions is committed to expanding its footprint in Brazil and other emerging markets through wind, solar and hydro energy projects.

Status: Closed

-GENERATIONAL CAPITAL MARKETS ADVISES A COMPANY IN SALE TO UNITED SITE SERVICES

US-based merger and acquisition advisory firm Generational Capital Markets, Inc advised its client, US-based portable sanitation services provider A Company Inc., in its sale to United Site Services Inc., the firm said.

Based in Boise, Idaho, A company is a provider of portable sanitation services in the western United States. It offers service at construction sites, public events, and other social gatherings with its suite of portable restrooms, hand washing stations, deluxe restroom trailers, temporary fencing and more.

Status: Closed

-M III ACQUISITION SCHEDULES 28 FEBRUARY SHAREHOLDER VOTE FOR IEA ENERGY SERVICES MERGER

US-based special purpose acquisition company M III Acquisition Corp. (NASDAQ: MIII) (NASDAQ: MIIIU) (NASDAQ: MIIIW) has scheduled a special shareholder meeting for 28 February to hold a vote on the company's proposed merger with US-based renewable energy engineering, procurement and construction company IEA Energy Services LLC, the company said.

This deal was announced last November. IEA Energy Services holds the operating assets of Infrastructure and Energy Alternatives, LLC, a holding company established to acquire and manage industry leading companies delivering infrastructure solutions for the renewable energy, traditional power, and civil infrastructure industries.

Status: Agreed

-RETAILER FFO HOME ACQUIRES SERVICE FURNITURE AND BEDDING

Arkansas, US-based home furnishings retailer FFO Home has acquired Kentucky, US-based home furnishings and bedding retailer Service Furniture and Bedding, Inc, the company said. Service Furniture and Bedding operates in the greater Louisville, Kentucky area.

The acquisition includes 13 stores operating under the Furniture Liquidators banner, and 15 Mattress and More Bedding stores. FFO Home now moves into the top 50 home furnishing retailers. This is the first acquisition activity to complement aggressive organic growth since FFO Home received an investment from an affiliate of private equity firm Sun Capital Partners, Inc. in 2016.

Status: Closed

-SIEMENS TO ACQUIRE FINNISH TELECOMMUNICATIONS TEST SOLUTIONS PROVIDER SAROKAL

German technology conglomerate Siemens has entered into an agreement to acquire Oulu, Finland-based test solutions provider Sarokal Test Systems Oy, the company said. Sarokal is a provider of test solutions for fronthaul networks that are comprised of links between the centralized radio controllers and the radio heads (or masts) at the "edge" of a cellular network.

The company's products are used by chipset vendors, fronthaul equipment manufacturers, and telecommunications operators to develop, test and verify their 4G and 5G network devices from the early design stages through implementation and field-testing.

Status: Agreed

-UTILITY OPERATOR CLECO TO ACQUIRE NRG SOUTH CENTRAL GENERATING FOR USD 1BN

US-based utility operator Cleco Corporate Holdings LLC, which owns regulated electric utility Cleco Power LLC, will acquire NRG South Central Generating LLC from NRG Energy, Inc., for USD 1bn, the company said.

Under the terms of the agreement, Cleco will acquire eight generating assets totaling 3,555mw, transmission operations, and contracts to provide wholesale power to nine Louisiana cooperatives, five municipalities across Arkansas, Louisiana and Texas, and one investor-owned utility.

Status: Agreed

(Distributed by M2 Communications ([*www.m2.com*](http://www.m2.com)))

**Load-Date:** February 8, 2018

**End of Document**



[***Governments must raise, not cut, funding for food security***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PX2-N3G1-JCM7-G31M-00000-00&context=1516831)

FT.com

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**Length:** 840 words

**Byline:** Matthew Reynolds, CIMMYT

**Body**

Investing in aid is a bargain. Using less than 1 per cent of an advanced nation’s budget to promote health, security and economic opportunity overseas can stabilise vulnerable parts of the world where civil wars and severe shifts in climate are resulting in mass migration.

Yet instead of uniting to tackle such issues at source, governments are beginning to withdraw support.

This bodes very badly for global food security — the foundation of a stable and productive society.

Science has been the driving force in helping us ***produce*** enough food throughout the past decades. In the 1950s, the US initiated globally co-ordinated efforts to improve crop productivity, culminating in a “  [*Green Revolution*](https://www.worldfoodprize.org/en/dr_norman_e_borlaug/about_norman_borlaug/)” that saved more than 1bn people from starvation and still boosts domestic and international food production.

But researchers working on such solutions today are as chronically underfunded as their peers working on the front lines of aid delivery. While they may administer vaccines to prevent outbreaks of disease, we are working on future-proof crops to prevent outbreaks of famine.

At the International Maize and Wheat Improvement Center, we have continued the work of the Green Revolution through ***programmes*** such as the International Wheat Improvement Network (IWIN).

It is not common knowledge, but without IWIN our daily bread could disappear. This transnational web of 700 field testing stations is responsible for yield gains and resistance to diseases in about half of the wheat grown worldwide, particularly in less developed countries. It has helped us avert disaster many times over, preventing diseases such as stem wheat rust from wiping out entire wheat harvests.

Twelve distinct wheat-growing environments are studied, representing a range of temperature, moisture, and disease profiles. Research and breeding is conducted at ***strategic*** research hubs to develop around 1,000 new high yielding, disease-resistant lines annually, which are then distributed freely as an international public good.

Superior to environmentally controlled research facilities such as greenhouses or enclosed chambers, these field testing hubs accurately represent cropping situations. Technological advances in the use of drones and satellites for measuring plant characteristics have in recent years added to the efficiency of breeding operations.

The hardy and high-yielding wheat crops identified by IWIN have improved food security and livelihoods on a major scale in the developing world and have saved more than 20m hectares of natural ecosystems from cultivation.

Was the investment a bargain? Economic analysis shows that IWIN’s outputs are worth between $2bn and $3bn a year in terms of increased crop productivity, spread among hundreds of millions of resource-poor farmers and consumers. This equates to a return on investment of a staggering 100:1.

We need more, not fewer initiatives like this. Many countries face common challenges in crop improvement, such as outbreaks of wheat stem rust, or increased temperatures. Leaders in ***agricultural*** research agree that the best way to accelerate finding solutions is through increased international collaboration.

Working only at a national level is inefficient. Efforts are duplicated and timeframes are too long. It takes between 10 and 20 years for a new crop to be developed and released.

A  [*Global Crop Improvement Network*](http://science.sciencemag.org/content/357/6349/359.full) — composed of transnational field testing facilities covering all crops and linked to worldwide expertise — could be the revolutionary measure we need, to understand and model crop responses to environments and accelerate adoption of vital technologies to end hunger.

Many other problems of global concern could be tackled in this way. For example, given rising levels of carbon dioxide it would make sense to develop a public network of research facilities that experimentally increase CO2 in the field to levels predicted in 10 or more years from now. It would also be the ideal vehicle to invest in (and disseminate) highly nutritious, underutilised crops, such as quinoa, for example. Having evolved in the Andes this is very hardy and its seeds contain more protein than any cereal.

Half a century of international collaboration in crop research involving scientists, farmers, policymakers, charities, and many others has led to huge strides in nutrition and food security on a global scale. The goodwill among scientists exists to maintain such networks, but the political will is apparently lacking.

Unpredictability of funding limits the long-term vision and ***planning*** needed to meet a challenge such as feeding the world. Our leaders in both public and private sectors can go down in history as saviours if they act now to save the institutions required to guarantee a well-nourished and so a more politically stable planet.

If not, history may take a tragic turn, with humanity’s ability to feed itself so undermined that we will not be able to save ourselves.

*Matthew Reynolds is a crop physiologist at the International Maize and Wheat Improvement Center (CIMMYT).*

**Load-Date:** July 4, 2018

**End of Document**



[***M and A Navigator: Deal pipeline -8 February***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RKW-SHM1-F0K1-N3V8-00000-00&context=1516831)

M&A Navigator

February 8, 2018 Thursday

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**Length:** 4164 words

**Body**

MANAVIGATOR-February 8, 2018-M and A Navigator: Deal pipeline -8 February

The following is a list of deals covered in detail by M and A Navigator this week:

-OWENS CORNING CLOSES ACQUISITION OF FINLAND'S PAROC IN DEAL VALUED AT EUR 900M

Ohio, US-based insulation, roofing and fiberglass components manufacturer Owens Corning (NYSE: OC) has closed the acquisition of Finland-based mineral wool insulation ***producer*** Paroc Group Oy from Luxembourg-based private equity firm CVC Capital Partners, the company said.

Owens Corning acquired Paroc for an enterprise value of approximately EUR 900m (USD 1048m). The company ***plans*** to finance the acquisition through a combination of long-term debt and pre-payable bank financings.

Status: Closed

-INSPIRE BRANDS LAUNCHES WITH RESTAURANT CHAINS ARBY'S, BUFFALO WILD WINGS

US-based restaurant company Inspire Brands, Inc has launched following the completion of a USD 2.9bn acquisition of Buffalo Wild Wings, Inc. by Arby's Restaurant Group, Inc., the company said.

Inspire was co-founded by Paul Brown of Arby's and Neal Aronson of Roark. Brown will serve as chief executive officer of the company. Inspire will oversee the continued growth and success of Arby's, Buffalo Wild Wings and an emerging brand, R Taco, while building a platform for future ***strategic*** additions. Inspire is one of the largest owner-operators of restaurants with more than 1,700 company-owned restaurants.

Status: Closed

-ANTARES CAPITAL SUPPORTS WELLSPRING CAPITAL MANAGEMENT'S ACQUISITION OF SUPPLYONE

US-based middle market private debt provider Antares Capital is serving as administrative agent and lead arranger on a USD 170m senior secured credit facility to support the acquisition of US-based packaging products distributor and converter SupplyOne, Inc. by US-based private equity firm Wellspring Capital Management LLC, the company said.

SupplyOne has built a strong geographic footprint acrossthe United States, and the ability to add value to Wellspring and SupplyOne's customers' businesses by lowering total packaging costs.

Status: Closed

-FCB RECEIVES REGULATORY APPROVALS FOR USD 88M ACQUISITION OF FLORIDIAN COMMUNITY BANK

Florida, US-based bank holding company FCB Financial Holdings, Inc. (NYSE: FCB) has received approval from both the Federal Reserve Bank of Atlanta and the Office of the Comptroller of the Currency of its applications for its pending acquisition of Floridian Community in a merger transaction valued at USD 88.1m, the company said.

This deal was announced last October. Subject to the terms of the merger agreement, Floridian Community shareholders will receive 0.4584x shares of FCB class A common stock for each outstanding share of Floridian Community common stock and 1.75 m shares in the aggregate.

Status: Agreed

-DRAGON PRODUCTS ACQUIRES OILFIELD PRODUCTION EQUIPMENT PROVIDER FABTECH

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Status: Agreed

-SCHURZ COMMUNICATIONS ACQUIRES ONLINE TECH TO EXPAND CLOUD MIGRATION SERVICES

Indiana, US-based news and information company Schurz Communications Inc. has acquired Michigan, US-based cloud and colocation hosting services provider Online Tech, LLC to enter cloud market with compliant hybrid cloud solutions, the company said.

The investment represents entrance into the rapidly-growing cloud market with a proven platform that can be built upon for future generations. Online Tech ***plans*** accelerate and expand its footprint into additional underserved markets across the nation to ensure more customers have access to secure and compliant hybrid cloud solutions, superior customer support and managed IT services.

Status: Closed

-JERNIGAN CAPITAL ACQUIRES MEMBERSHIP INTERESTS IN SELF-STORAGE DEVELOPER PARTNERS FOR USD 8.1M

Tennessee, US-based real estate investment trust Jernigan Capital, Inc. (NYSE: JCAP) has acquired 100% ownership of three self-storage facilities of developer partners in Jacksonville, Florida and Atlanta, Georgia for USD 8.1m, the company said.

Jernigan Capital's development loans on the three properties were converted to equity. Based on aggregate estimated stabilised NOI and the company's aggregate USD 28.9m cash investment in the three properties, the company estimates its weighted average cap rate on the three properties is 8.04%.

Status: Closed

-MIDSTATES PETROLEUM PROPOSES MERGER WITH SANDRIDGE ENERGY TO YIELD MARKET CAPITALISATION OF USD 1BN

Oklahoma, US-based Midstates Petroleum Company, Inc.(NYSE: MPO) has proposed a merger with SandRidge Energy, Inc. (NYSE: SD) to create an exploration and production company in the Mississippian Lime play with a market capitalisation of USD 1.0bn, the company said.

The proposed transaction is an all-stock merger. Under the terms of the proposal, SandRidge shareholders would own approximately 60% of the combined company and Midstates shareholders would own 40%. Under the terms of the proposal, SandRidge shareholders would receive 1.068 shares of Midstates for each existing SandRidge share. Midstates is prepared to work to close the transaction as soon as 2Q18.

Status: Agreed

-DEL MONTE FRESH ***PRODUCE*** TO ACQUIRE MANN PACKING FOR USD 361M

Florida, US-based Del Monte Fresh ***Produce*** N.A., Inc. has agreed to acquire California, US-based vegetable grower, processor and supplier Mann Packing Co., Inc. for an aggregate consideration of approximately USD 361m, the company said

Del Monte Fresh ***Produce*** N.A., Inc. is the North American subsidiary of Fresh Del Monte ***Produce*** Inc. (NYSE: FDP). The cash transaction is financed with cash on hand and the company's existing credit facility. The company expects the acquisition to be accretive to earnings in the first year. The transaction is expected to close during 1Q18.

Status: Agreed

-CLOUDBEES ACQUIRES CODESHIP TO STRENGTHEN MARKET POSITION IN CONTINUOUS INTEGRATION/DELIVERY

California, US-based CloudBees, Inc., the hub of enterprise Jenkins and DevOps, has acquired Boston, US-based SaaS continuous integration and continuous delivery provider Codeship to strengthen CloudBees' market position with an automated platform for individual developers and project teams to test, integrate and deploy code, the company said

The acquisition gives CloudBees a broader portfolio of CI/CD solutions for organisations of all sizes, and with support for several CI/CD philosophies and approaches. Adding the Codeship SaaS enables CloudBees to serve a growing segment of the market looking for SaaS-delivered CI/CD solutions that are easy to use.

Status: Closed

-DODGE COMMUNICATIONS, AVID DESIGN MERGE TO REBRAND AS MERGE ATLANTA

Georgia, US-based healthcare marketing and PR firm Dodge Communications has agreed to merge with Georgia-based healthcare and hospital digital agency Avid Design, Inc. to rebrand as marketing communications and technology agency Mege Atlanta, the company said.

The new group creates a national digital communications agency with nearly 40 years of combined experience working with hundreds of healthcare clients, including hospitals and health systems, provider practices, payers, healthcare IT, pharmaceuticals and life sciences.

Status: Agreed

-ANOVA TECHNOLOGIES ACQUIRES WIRELESS ASSETS NETWORKS TO SPEED FINANCIAL CONNECTIVITY

Chicago, US-based financial connectivity provider Anova Technologies has acquired long haul wireless assets to interconnect Chicago metro networks with New Jersey giving Anova the capability double the typical capacity of most microwave systems built in this geographic corridor, the company said.

Anova said the acquired network the high capacity could offer customers additional services in addition to serving as a primary network. With this acquisition, Anova now has almost 1,600 kilometers of RF network active and is a wireless carrier for the financial industry.

Status: Closed

-XYLEM BOLSTERS SMART WATER INFRASTRUCTURE SOLUTIONS WITH ACQUISITION OF EMNET

New York, US-based water technology company Xylem Inc. (NYSE: XYL) has acquired Indiana, US-based engineering consultancy EmNet, LLC to expand Xylem's portfolio of advanced infrastructure analytics solutions and capabilities, the company said.

Xylem said the addition to its infrastructure portfolio increases its ability to help customers manage their wastewater network and storm water systems, areas of growing concern. EmNet said joining Xylem empowers its team to accelerate its progress and expand its mission to a global scale.

Status: Closed

-CONCORD DIRECT ACQUIRES STRENGTH IN MEMBERS DIGITAL MARKETING FIRM

New Hampshire, US-based direct response marketing company Concord Direct has acquired Colorado, US-based digital marketing agency Strength in Members to boost digital fundraising and channel integration, the company said.

The two companies have worked collaboratively for the past two years, helping organisations launch and improve their digital lead acquisition, strategy, ***programme*** development, email creative and production, and search and social advertising. Concord Direct said the transaction integrates the direct mail and digital solutions it develops to help clients achieve their goals.

Status: Closed

-HOUZZ ACQUIRES IVYMARK INTERIOR DESIGN BUSINESS MANAGEMENT PLATFORM

California, US-based home remodeling and design platform HouzzInc. has acquired New York, US-based start-up IvyMark, a business management software provider for interior design firms to help interior designers and other home design companies run their businesses more effectively, the company said.

The addition of IvyMark's platform will enable Houzz to provide home professionals with tools that will help them run their businesses more profitably, efficiently, effectively. IvyMark said Houzz will allow it to continue its mission of modernising the way interior designers do business, while opening the door to new opportunities.

Status: Closed

-BLACK BEAR SPORTS ACQUIRES JERSEY SHORE ARENA ICE RINK

New Jersey, US-based sports and entertainment facilities operator Black Bear Sports Group, Inc. (BBSG) has acquired substantially all assets of the New Jersey based ice rink Jersey Shore Arena, the company said.

The Arena features a pro shop, laser tag, the Penalty Box Café, and a high performance training gym utilised by youth and high school hockey clubs. The Arena is the eighth ice rink purchased by BBSG. Other ice rink holdings include rinks in New Jersey, Illinois, Maryland and Pennsylvania, US.

Status: Closed

-COPLEY EQUITY PARTNERS FINALISES MAJORITY INVESTMENT IN NORTH STAR LEASING

Boston, US-based private investment firm Copley Equity Partners has completed a majority investment in Vermont, US-based equipment financing provider North Star Leasing to advance business growth, the company said.

North Star Leasing said the availability of capital through Copley will allow the company to take advantage of the much fragmented industry and help bring business to a new level. The company provides specialised lease solutions for customers across numerous industries including automotive, healthcare, pet-supply and restaurant.

Status: Closed

-VERSCEND TO ACQUIRE GENERAL DYNAMICS' PAYER PRODUCTS TO ENHANCE HEALTHCARE PAYMENT SOLUTIONS

Massachusetts, US-based data-driven healthcare solutions provider Verscend Technologies, Inc.has agreed to acquire the commercial health insurance payer-focussed products business from Virginia, US-based General Dynamics Information Technology to detection and prevention of fraud, waste and abuse, the company said.

Veriscend said the announcement of the acquisition reinforces its market leadership in healthcare data analytics and commitment to helping payer organisations make sound clinical and financial decisions for the benefit of their members, businesses, and customers.

Status: Agreed

-JEFFERSON DENTAL CARE EXPANDS SERVICES IN TEXAS WITH ACQUISITION OF SMILE CENTER

Texas, US-based dental services provider Jefferson Dental Care (JDC) has acquired Texas, US-based dental support organisation The Smile Center to increase presence in the San Antonio, Texas market, the company said.

Jefferson Dental Care is a portfolio company of private equity firm Brentwood Associates. JDC said the Smile Center will bolsters its team of experienced affiliated dentists. This transaction marks the beginning of a growth period for JDC, as the company continues to focus on expanding in its core markets as well as into new geographies through accretive add-on opportunities and de novo development.

Status: Closed

-TALLGRASS ENERGY PARTNERS SUBSIDIARY ACQUIRES BAKKEN-BASED WATER INFRASTRUCTURE ASSETS FOR USD 95M

Kansas, US-based BNN Water Solutions, LLC has acquired water infrastructure assets of Bakken water infrastructure assets for USD 95m to expand water infrastructure footprint in the Bakken, the company said.

BNN Water Solutions, LLC is a subsidiary of Tallgrass Energy Partners, LP (NYSE: TEP). BNN acquired Buckhorn SWD Solutions, LLC and Buckhorn Energy Services, LLC, which collectively own 10 salt water disposal wells and approximately 39 miles of ***produced*** water gathering infrastructure for a cash purchase price of approximately USD 95m.

Status: Closed

-TEMPLUM TO ACQUIRE LIQUID MARKETS GROUP BROKER/DEALER LIQUID M CAPITAL

New York, US-based tokenised asset technology company Templum, Inc. has agreed to acquire Liquid M Capital, the broker dealer and alternative trading system (ATS) of financial technology company and broker dealer Liquid Markets Group, LLC, the company said.

The acquisition will position Templum in the sale of TAOs and the secondary trading of digital assets as securities. The transaction is subject to regulatory approval. Liquid Markets Group said the combination of Templum's team, technology prowess, and capital with Liquid M's alternative trading system, quotation bureau, and qualified matching service for digital assets as securities will position Templum to drive the evolution of this asset class.

Status: Agreed

-HANA FINANCIAL TO SELL ITS SBA LENDING UNIT TO PATRIOT NATIONAL BANCORP

US-based factoring, asset based lending and SBA lending provider Hana Financial, Inc's Hana Small Business Lending, Inc subsidiary and US-based bank holding company Patriot National Bancorp, Inc. (NASDAQ: PNBK) have signed a definitive purchase agreement pursuant to which Patriot will acquire Hana Financial's SBA Lending business, the companies said.

Hana SBL is a fully integrated national SBA origination and servicing platform. Its team has originated nearly USD 1bn of SBA 7(a) loans since its inception and has achieved strong and consistent performance.

Status: Agreed

-SYNGENTA CLOSES ACQUISITION OF NIDERA SEEDS FROM COFCO

Switzerland-based agribusiness Syngenta has closed the acquisition of Netherlands-based seed business Nidera Seed, currently owned by China-based rice and ***agricultural*** products company China Foods Limited, formerly COFCO International, the company said.

According to Food Ingredients First, COFCO purchased 51% of the shares of Netherlands-based Nidera BV in 2014 and completed a full takeover of Nidera earlier this year as part of a comprehensive expansion of its international grains trading business.

Status: Closed

-BERRY GLOBAL CLOSES ACQUISITION OF THE CLOPAY PLASTIC TO EXPAND INTO HEALTHY/HYGIENE MARKETS

Indiana, US-based plastic packaging and protective solutions provider Berry Global Group, Inc. (NYSE: BERY) has closed the acquisition of Ohio, US-based specialty films and laminates manufacturer Clopay Plastic Products Co, Inc. for USD 475m in cash, the company said.

Berry said it intends to fund the acquisition with existing liquidity or additional debt offering. Clopay Plastic Products company, Inc. is a subsidiary of New York, US-based multinational conglomerate holding companyGriffon Corp. (NYSE: GFF). Berry said the proposed acquisition of Clopay is directly aligned with its fundamental ***strategic*** initiatives. Clopay's global capabilities and unique technology platform will add to Berry's organisation.

Status: Closed

-MEXICHEM CLOSES ACQUISITION OF 80% STAKE IN ISRAELI IRRIGATION FIRM NETAFILM IN USD 1.895BN DEAL

Mexico-based chemical company Mexichem, S.A.B. de C.V. (BMV: MEXCHEM) has closed the acquisition of an 80% stake in Israeli-based smart irrigation firm Netafim, Ltd. from a company backed by the Permira Funds and other minority shareholders, the company said.

This deal was announced last August. The total enterprise value of the transaction is USD 1.895bn. Mexichem will fund the acquisition with a combination of cash and debt. Kibbutz Hatzerim, the founder, will retain the remaining 20% stake of Netafim's share capital.

Status: Closed

-PIN OAK ENERGY CLOSES ACQUISITION OF NEARLY 70,000 NET ACRES IN THE UTICA/POINT PLEASANT PLAY

Ohio, US-based Appalachian Basin energy company Pin Oak Energy Partners LLC has closed on a series of transactions with multiple sellers, the company said.

The transactions include the acquisition of nearly 70,000 net acres (90% HBP) prospective for Utica/Point Pleasant development in Ohio and Pennsylvania, additional midstream assets in northern Pennsylvania including two (2) taps into Tennessee Gas Pipeline along with associated gas processing capabilities, and thirty-three conventional wells in Ohio that ***produce*** from the deep Knox Group of geologic formations.

Status: Closed

-EUROPEAN COMMISSION CLEARS DISCOVERY COMMUNICATIONS TO ACQUIRE SCRIPPS NETWORKS INTERACTIVE IN USD 14.6BN DEAL

The European Commission has cleared Maryland, US-based entertainment company Discovery Communications, Inc.'s (NASDAQ: DISCA) (NASDAQ: DISCB) (NASDAQ: DISCK) proposed acquisition of Tennessee, US-based media company Scripps Networks Interactive, Inc. (NASDAQ: SNI) in a cash-and-stock transaction valued atUSD 14.6bn, the company said.

This deal was announced last July. Discovery is acquiring Scripps for USD 90per share,based on Discovery's21 July closing price. The purchase price represents a premium of 34%to Scripps' unaffected share price as ofTuesday, July 18, 2017.The transaction is expected tocloseby early 2018.

Status: Agreed

-PI CAPITAL ADVISES VIENTOS SOLUTIONS ON RENEWABLE ENERGY ACQUISITIONS IN BRAZIL

US-basedfinancial advisory Pi Capital's affiliated broker-dealer, Marco Polo Securities Inc., advised US-based energy company Vientos Solutions LLC on the acquisition of controlling interests in two photovoltaic solar generation projects in the State of Bahia,BrazilSPE Assuruá Geradora de Energia Solar S.A. and UFV Verde Vale III, Ltda.

Vientos Solutions is committed to expanding its footprint inBraziland other emerging markets through wind, solar and hydro energy projects.

Status: Closed

-GENERATIONAL CAPITAL MARKETS ADVISES A COMPANY IN SALE TO UNITED SITE SERVICES

US-basedmerger and acquisition advisory firm Generational Capital Markets, Inc advised its client, US-based portable sanitation services provider A Company Inc., in its sale to United Site Services Inc., the firm said.

Based inBoise, Idaho,A companyis a provider of portable sanitation services in the westernUnited States. It offers service at construction sites, public events, and other social gatherings with its suite of portable restrooms, hand washing stations, deluxe restroom trailers, temporary fencing and more.

Status: Closed

-M III ACQUISITION SCHEDULES 28 FEBRUARY SHAREHOLDER VOTE FOR IEA ENERGY SERVICES MERGER

US-based special purpose acquisition company M III Acquisition Corp. (NASDAQ: MIII) (NASDAQ: MIIIU) (NASDAQ: MIIIW) has scheduled a special shareholder meeting for 28 February to hold a vote on the company's proposed merger with US-based renewable energy engineering, procurement and construction company IEA Energy Services LLC, the company said.

This deal was announced last November. IEA Energy Services holds the operating assets of Infrastructure and Energy Alternatives, LLC, a holding company established to acquire and manage industry leading companies delivering infrastructure solutions for the renewable energy, traditional power, and civil infrastructure industries.

Status: Agreed

-RETAILER FFO HOME ACQUIRES SERVICE FURNITURE AND BEDDING

Arkansas, US-based home furnishings retailer FFO Home has acquired Kentucky, US-based home furnishings and bedding retailer Service Furniture and Bedding, Inc, the company said. Service Furniture and Bedding operates in the greaterLouisville, Kentuckyarea.

The acquisition includes 13 stores operating under the Furniture Liquidators banner, and 15 Mattress and More Bedding stores. FFO Home now moves into the top 50 home furnishing retailers. This is the first acquisition activity to complement aggressive organic growth since FFO Home received an investment from an affiliate of private equity firm Sun Capital Partners, Inc. in 2016.

Status: Closed

-SIEMENS TO ACQUIRE FINNISH TELECOMMUNICATIONS TEST SOLUTIONS PROVIDER SAROKAL

German technology conglomerate Siemens has entered into an agreement to acquire Oulu,Finland-based test solutions provider Sarokal Test Systems Oy, the company said. Sarokal is a provider of test solutions for fronthaul networks that are comprised of links between the centralized radio controllers and the radio heads (or masts) at the "edge" of a cellularnetwork.

The company's products are used by chipset vendors, fronthaul equipment manufacturers, and telecommunications operators to develop, test and verify their 4G and 5G network devices from the early design stages through implementation and field-testing.

Status: Agreed

-UTILITY OPERATOR CLECO TO ACQUIRE NRG SOUTH CENTRAL GENERATING FOR USD 1BN

US-based utility operator Cleco Corporate Holdings LLC, which owns regulated electric utility Cleco Power LLC, will acquire NRG South Central Generating LLC from NRG Energy, Inc., forUSD 1bn, the company said.

Under the terms of the agreement, Cleco will acquire eight generating assets totaling 3,555mw, transmission operations, and contracts to provide wholesale power to nineLouisianacooperatives, five municipalities acrossArkansas,LouisianaandTexas, and one investor-owned utility.

Status: Agreed

**Load-Date:** February 8, 2018

**End of Document**



[***Ghana's construction sector to rebound in 2018 as oil prices improve***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-7442-00000-00&context=1516831)

Oxford Business Group: Articles

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**Body**

Following a period of rapid economic growth, Ghana's slowdown over the past couple of years has had a noticeable impact on the construction sector in particular. However, its prospects appear to be modestly brightening, with sizeable capital allocations in the government's budget and growth of 3.7% targeted for the construction industry in 2017.

According to most recent data from the Ghana Statistical Service, the contribution to GDP from construction in market prices increased to GHS21.5bn ($5.1bn) in 2016 from GHS17.3bn ($4.1bn) in 2015, constituting a 24% current market growth rate and making up 13.7% of the overall GDP. In constant prices, growth reached 2.9%, which builds on a 2.1% rate of expansion in 2015 after no rise in 2014. So, while immediate revival is unlikely, there is a cautious optimism that new government initiatives and increased oil revenues in 2017 will bring further opportunities for infrastructure and real estate construction projects.

**Organisation & Regulation**

Oversight of the construction industry is divided among a number of entities, with many large-scale infrastructure efforts under the remit of the Ministry of Transport and Ministry of Roads and Highways (MoRH), while housing initiatives fall under the Ministry of Works and Housing.

Prior to a January 2017 decision to create a separate Ministry for Sanitation and Water Resources, the Ministry of Water Resources, Works and Housing had constituted a single department.

The country's regulatory frameworks - from building standards, to procurement and contracts - are well crafted, although enforcement and public-private dialogue is sometimes lacking. "The laws and regulations are clear, including value-added tax, and other financial regulations, particularly once they revoked the 2014 law that regulated foreign exchange,"Clovis Abi Nader, area general manager for construction firm MAN Enterprise, told OBG. However, implementation of these regulations is not always reliable. As noted in a 2016 paper by the Department of Building Technology at the Kwame Nkrumah University of Science and Technology, "There is very little collaboration among stakeholders in the public and private sectors and professional bodies are usually weak in enforcing regulations." This has led some to highlight the absence of a single platform to suggest and implement sector-wide improvements. In 2016 the vice-president of the Chartered Institute of Building for Africa called for an independent building oversight authority in Ghana to regulate and consolidate the construction industry, ensuring high standards, as well as payment reforms for contractors so businesses can stay competitive in spite of currency fluctuations.

In response, in May 2017 the government pledged its commitment to support the establishment of the Construction Industry Development Authority, which would serve as the regulatory body to oversee the ***strategic*** development of the sector and formulate regulations. In addition, the Association of Ghana Industries (AGI) has recommended a local-content policy be implemented for the industry to enhance the capacity of Ghanaian construction firms (see analysis).

**Operating Environment & Trends**

Despite the trailing effects of the slowdown in 2014, Ghana's construction sector maintains a high regional ranking, as described in the World Bank's "Doing Business 2018" report. Though the country fell 14 places in the dealing with construction permits category, its rank of 131st places it comfortably above regional neighbours Côte d'Ivoire and Togo, which came in at 182nd and 154th, respectively. Furthermore, the report praised the country for improving transparency in the sector by publishing transparent regulations related to construction online free of charge. "One of the main challenges facing the construction sector relates to the speed of permits and bureaucracy. Once this is sorted out, even if just partially, we can expect even more foreign participation in the sector," Kadir Yadigar, board chairman of construction firm Kass Group, told OBG.

Similarly, the industry has benefitted from some aggressive policies by the new administration to support investment in the sector down the line. In June 2017 local press reported the opening of Construction Bank (Ghana), a specialised lender set up to offer financial services, including project and mortgage financing, to the construction sector. The Ghana Investment and Infrastructure Fund, established in 2014 to help secure investment for infrastructure projects, has also continued to develop. In April 2017 President Nana Akufo-Addo formed a board of directors who approved an Investment Policy Statement to provide a framework for its investment decisions. The statement includes an acknowledgement of the key role private financing will play in closing the infrastructure gap.

**Key Drivers**

The government has been bullish about increasing capital spending on infrastructure projects, with a range of factory, roadways, airports and railways initiatives in the pipeline. However, Abi Nader told OBG that he anticipates short-term interest will be in projects that provide a faster return - such as recycling projects or ***agricultural*** initiatives - rather than 25-30-year investments in power stations and roadways.

Property is also seen as a larger potential driver over the coming year. "There is a lot of private investment in the expensive and just-below-expensive sectors of accommodation, as well as an increasing demand for places like shopping malls, hotels and mixed developments," Harm Ploeger, president for Africa at Saudi Arabia-based Red Sea Housing Services, told OBG.

Abi Nader has seen this rise in demand for top-end accommodation as well, noting, "The market demand for high-luxury, secure compounds is increasing day by day, though projects are still progressing from 2015-16 with few to be initiated before the end of 2017." To complement this higher-end housing push, the government has announced several initiatives to increase the supply of low- and middle-income housing as well.

**Infrastructure Update**

As is the case throughout sub-Saharan Africa, infrastructure - whether electricity, water, road or rail - is where construction project volume and value sits. In 2017 government-led drivers of construction projects were port expansions and their accompanying infrastructure efforts, with a total infrastructure budget of GHS2.6bn ($622.4m) presented. The $1.5bn expansion of Tema Port, a joint initiative of the Ghana Ports and Harbours Authority (GPHA), Dutch APM Terminals and France's Bolloré Africa Logistics, continues apace and is expected to be complete by 2019. AECOM, the US engineering firm providing construction oversight, noted that the project will triple Tema Port's current traffic of about 1m twenty-foot equivalent units (TEUS) as it allows the port to accommodate larger vessels (see Transport chapter).

Similarly, Takoradi Port is also undergoing major renovations to increase the port's capacity and make operations more efficient, particularly for the nearby hydrocarbons and mineral industries. GPHA released a public tender for operation of a new, integrated container terminal in January 2017, which has already attracted international interest, and in June 2017 local press reported on the visit of delegations from China's Sinopec, as well Ghana Manganese Company (GMC) and Ningxia Tianyuan Manganese Industry Company to explore potential opportunities.

**Road & Rail**

Road and rail networks are the recipients of large chunks of public funding, though new major works are more likely to happen in the medium term, with an immediate focus on routine maintenance. In the 2017 budget the MoRH was allocated GHS871m ($208.5m), compared with GHS902m ($215.9m) in 2016. However, the ministry is looking to build on 2016 efforts; in 2017 a total of 45,050 km of routine maintenance was due to be completed compared to a total of 36,290 km undertaken in 2016, while construction works on trunk roads, urban roads and bridges were expected to total 220 km in 2017 as opposed to the 208 km in 2016. Of note, in March 2017 Brazilian firm Queiroz Galvao began construction works on the 116-km Bolgatanga-Bawku-Pulmakom Road, which is estimated to cost GHS660m ($158m), and will connect six constituencies to relieve traffic on the busy Bolga-Bawku Road. Japan also signed a $56.6m agreement in April 2017 to fund the Tema Motorway roundabout project and rehabilitate the damaged Yamoransa-Assin Fosu Road.

The Ministry of Railways Development (MoRD) was given a budget of GHS518m ($124m) to improve the mostly defunct western, eastern and central lines, and to source additional financing for repairs and construction. One key project is the effort to construct the 340-km western line to facilitate the transport of bauxite, cocoa and other bulk commodities for export. In June 2017 international press reported that China intends to provide funding to facilitate the mining and transport via rail of Ghana's 960m tonnes of bauxite reserves, the main source of aluminium (see Mining chapter).

This rail development comes as part of a larger $15bn infrastructure grant provided by the Chinese government to be used for the construction of bridges, four interchanges (including the first significant interchange in northern Ghana), industrial parks, hospitals, security service housing units and the rehabilitation of various school buildings. In July 2017 Joe Ghartey, minister of railway development, noted to local press that the government was also likely to choose a local contractor for the construction of the Kumasi-Paga railway line from the mining centre to the Burkina Faso border.

**One District, One Factory**

Another expected driver of construction is the One District, One Factory policy. In June 2017 President Akufo-Addo reasserted his commitment to building a medium- to large-scale factory in each of Ghana's 216 districts during his first term and noted that the initial 51 districts had been identified; work on the first 10 factories was scheduled to commence in June 2017. "In terms of infrastructure development, the government's priority should focus on two key areas: completing existing projects and building rural connectivity to support the One District, One Factory initiative," Kwaku Abebrese, group managing director at Taysec Construction, told OBG.

The government budgeted some GHS456.3m ($109.2m) in funding in 2017 for capital and operating costs, hoping to complement this funding with increased international investment. R Yofi Grant, CEO of the GIPC, reported to local press that the ***programme*** has already generated significant international interest, saying, "The One District, One Factory content has sparked very interesting discussions and interests from investors both here and abroad." The sector is already attracting great interest. A funding facility worth $2bn from the China National Building Materials and Equipment Import and Export Corporation as laid out in a memorandum of understanding signed in June 2017 in cooperation with local banks.

**Energy Needs**

Lack of access to reliable power has also prompted a push to boost generating capacity, as well as transmission and distribution infrastructure. In the 2017 budget the Ministry of Energy allocated GHS890m ($213.1m) for energy ***programmes*** to increase capacity by 1227 MW, making up 33% of the total budget for the sector and including projects such as the construction of power substations and transmission lines, as well as completing the design of the 50-MW Solar Hybrid Project (see Energy chapter).

To complement government efforts, a number of large-scale independent power ***producer*** projects were scheduled to come on-line in 2017, including the 350-MW Kpone Independent Power Plant, the 400-MW Bridge Power Plant and the 203-MW Amandi Power Plant, alongside the launch of several renewable projects. Of note, international trade shows on energy, renewables and construction - Powerelec Ghana and Construct Ghana - which took place August 2017 brought together stakeholders addressing challenges in the power and construction sector.

**Building Materials**

Construction remains expensive in Ghana compared to other sub-Saharan economies. The "Housing Finance in Africa Yearbook 2016" from the Centre for Affordable Housing Finance in Africa (CAHF), notes that construction costs in Accra for a standard house were among the highest, outstripping comparable costs in Nairobi, Pretoria and Abuja. A 2016 report from AECOM also pointed to high costs compared to those in Nigeria, with the average construction cost for a light-duty factory in Accra at $1000 per sq metre, while these were $650 per sq metre in Nairobi and $339 per sq metre in Johannesburg. The availability of low-cost materials is at the heart of this issue. Ploeger told OBG there is an advantage to being located in the free zone because many companies still need to import the majority of raw materials as the local supply chain remains expensive and often unreliable. "In theory everything is available, with the exception maybe of chemical compounds like PVC, but on average prices are significantly higher compared to importing the commodity and paying the associated duties," Ploeger said.

**Cement**

In 2016 CAHF estimated the cost of a 50-kg bag of cement at between $8.44 and $8.95. "After 2005, we saw an annual growth in volume in Ghana's cement market of roughly 7%, which is very strong. That attracted a lot of interest from potential investors and also existing players in the market," Morten Gade, managing director of Ghacem, told OBG. "However, the market has been flat for the last four years, which has resulted in a production overcapacity." Gade estimated that ***producers*** have a combined annual production capacity of 8.8m tonnes - without including import terminals for bulk cement and cement projects yet to come on-stream in the next couple of years - but the market is only for 5.3m tonnes. However, he expressed cautious optimism about the future: "In 2017 we have seen some growth in the market, though how sustainable it is remains to be seen."

The energy-intensive steel industry recorded some challenges, including the shutdown of one steel factory due to high power tariffs. However, ***plans*** for the development of the industry were highlighted during the Economic Counsellors Dialogue hosted in May 2017 in Accra, with a proposal for an integrated aluminium project and the exploitation of a northern iron ore deposit for the development of a steel industry seen as promising investment opportunities. Local press also covered a proposal to use concrete for road construction instead of asphalt, based on the success of the Tema motorway as an example of a concrete road that has served Ghana for decades and noting its enhanced sustainability, despite being more expensive.

**Outlook**

While it is unlikely that the construction sector will reach peak levels of activity seen in 2013 in the immediate future, a gradual recovery has begun, particularly with the development of secondary markets like Kumasi and Tema, Chinese and Japanese-supported road and rail infrastructure efforts, and government initiatives like the One District, One Factory ***programme***.

In particular, building on the momentum of the projects launched during the presidential campaigns in 2016, there is likely to be ongoing progress for government efforts. "There will likely be several opportunities for foreign investors to work with the government in the form of public-private partnerships or build-operate-transfer projects financed by the World Bank or other financial institutions," Abi Nader told OBG.

Meanwhile, private, hospitality, commercial and residential developments are still progressing from where they were in 2015-16, compensating for the small number of projects initiated in 2017. Importantly, there is increased confidence in the long-run viability of the Ghanaian construction market. "The messages I have heard out of this government are positive as they take measures that would bring down the tax burden on private individuals and businesses," Ploeger told OBG.

**Load-Date:** March 12, 2020

**End of Document**



[***-Syrah Resources Limited - December Quarterly Activities Report***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJG-8V01-JD3Y-Y16J-00000-00&context=1516831)

ENP Newswire

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**Body**

During the quarter, US$ 28.4 million was spent on Balama, with US$ 17.0 million spent on project development (construction and commissioning) and US$ 11.4 million spent on working capital.

Total project development expenditure was US$ 204.8 million as at 31 December 2017 with an additional US$ 8.5 million committed bringing total actual and committed project development expenditures to US$ 213.3 million. The total project development capital cost to completion, has been increased to US$ 215 million from US$ 210 million mainly due to additional resourcing and equipment required to complete construction and commissioning activities and achieve first saleable production.

The working capital spend of US$ 11.4 million comprised of US$ 7.5 million for production ramp-up operating costs and US$ 3.9 million of sustaining capital expenditures mainly relating to the construction of Tailings Storage Facility (TSF) Cell 1B, and advanced community development expenditures including the Chipembe Dam remediation works and ***agriculture*** ***program***. Sustaining capital expenditures for 2018 are currently forecast at US$ 7.0 million to US$ 10.0 million and includes US$ 2.2 million for the completion of TSF Cell 1B. The Company is currently reviewing the design, cost and timing of TSF Cell 2 and will provide further update when available.

Construction and Commissioning

All major construction and commissioning activities are essentially complete, with some plant modifications and minor construction works occurring during the ramp-up of production.

Construction and commissioning teams have been demobilised, and hand-over of the site to the operations team occurred on 1 January 2018.

A small engineering, construction and commissioning team will remain on site during 2018 to manage the completion of minor construction works, the installation of the attrition cells, sustaining capital projects and to provide technical support to the operations team.

Attrition cells to ***produce*** up to 98% fixed carbon, are on site and civil works completed. Installation is expected to commence late Q1 2018 and become operational in H2 2018.

Production

First production of bagged saleable coarse flake product was achieved in November and fines flake in December (refer to ASX announcements dated 24 November 2017 and 27 December 2017) with over 3,000 tonnes of bagged saleable graphite ***produced*** as at 27 January 2018.

Process plant is currently ***producing*** approximately 150 tonnes of bagged saleable graphite per day, increasing steadily, with the product split of approximately 30% coarse flake and 70% fines, in line with the Company's expectations.

Product grades in excess of 95% fixed carbon and particle size distribution is within specification.

Operations team is now focussed on optimising the process plant, including minor plant design enhancements to achieve ***planned*** recoveries and stabilise plant production. Key areas of focus include crushing and optimisation of flotation cell performance.

The plant is operating according to a continuous 7 days a week, 24 hours per day roster, with ***planned*** maintenance and optimisation outage periods scheduled periodically.

Mining operations continue to progress well with pre-stripping of the Balama West ore body complete and steady state ore mining occurring with plant feed grades now averaging approximately 15% total graphitic carbon. A small section of hard rock cap will require drill and blast during H1 2018. Mining is expected to be free dig thereafter.

Construction of Cell 1B of the TSF continues with completion scheduled for early Q2 2018.

Target production for 2018 remains at 160,000 to 180,000 tonnes1 with production ramp-up skewed towards the second half of the year.

Production in 2019 is expected to be between 250,000 to 300,000 tonnes1 subject to global market demand.

Targeting cash operating costs of less than US$ 400 per tonne by the end of 2018.

Balama expansion and optimisation review to be undertaken in 2018.

The Mining Agreement was approved on 29 August 2017 (refer to ASX announcement dated 30 August 2017) with signing and sanctioning still pending, noting the Mining Agreement was not required for the commencement of operations at Balama.

During the optimisation phase, costs of Balama production, offset by any revenues received, will be capitalised on the balance sheet until commercial production is declared. Further details regarding the declaration of commercial production are to be provided as the plant optimisation phase progresses and production ramps up. The criteria to determine the commencement of commercial production will include an assessment against a variety of factors, such as, completion of all major capital expenditures and transfer of control to the operations team, capability of the plant to continuously operate at or near ***planned*** throughput levels and design parameters, consistent and stabilised plant production including recoveries, production volumes, quality specifications and operating costs, and satisfaction of commercial scale verification by key customers and end users.

SALES AND MARKETING

Syrah's sales and marketing strategy is to be the baseload supply for major consumers, diversified across segment and geography. Syrah will provide high quality, consistent, and reliable products, targeting the industrial and Battery Anode Material markets.

Syrah announced a binding sales agreement with Zhanjiang Juxin New Energy Materials Co. Ltd ('Zhanjiang Juxin') (refer to ASX announcement dated 4 December 2017)

Zhanjiang Juxin, based in Guangdong Province China, specialises in the production of spherical graphite and anode material for lithium-ion batteries.

The Zhanjiang Juxin agreement is for 20,000 tonnes in 2018.

Contract is another significant endorsement of Balama's quality and suitability as a baseload material for the battery market

Discussions with BTR continue and remain focussed on the development of arrangements in both sales from Balama and supply chain cooperation. First shipment to BTR sailed in early January 2018.

Optimisation of product placement strategy and negotiations for contracts post commencement of production continue to progress positively.

Syrah remains focussed on selling natural flake graphite into all geographies and all sectors of the market in accordance with the Company's sales and marketing strategy.

Toll processing for spherical product opportunities continue to be explored.

First shipment of coarse flake was scheduled to depart on 31 December 2017 from the Port of Nacala, Mozambique (refer to ASX announcement dated 27 December 2017), however was delayed to early January due to rescheduling by the shipping company. Graphite sales have commenced and a mix of sales and qualification product has been shipped or scheduled for shipment during January to Europe, China, US, India and Brazil. First cash flows from sales and qualification products will be received during February 2018.

As the Company has only recently started ***producing***, shipping and pricing, prices for initial shipments are lower than those reported by third party price reporting agencies. As interaction with Syrah's global customer base evolves and product qualification and sales progress, price discovery will develop further. Syrah's global sales portfolio includes the first ever significant import volumes into China. Prices reflecting global demand for high grade, quality and consistency are expected to increase over time.

Subsequent to quarter end, Syrah announced the following sales and marketing updates (refer to ASX announcement dated 5 January 2018): Signing of a first spot sales agreement with Yichang Xincheng Graphite Co Ltd ('Yichang Xincheng'), a leading global ***producer*** of specialty expandable graphite, with the intention and understanding, that subject to a successful spot shipment, a long term contract will then be agreed.

Signing of a binding agreement with CS Additive GmbH & Co ('CS Additive'), a leading ***producer*** of speciality carbon products, for a minimum of 6,000 tonnes in 2018, with volume increasing over three years.

Confirmation of an agency appointment in India with Magus Marketing Pvt Ltd ('Magus Marketing'), where orders have already been received.

Syrah decision to restrict activation of certain elements of Chalieco offtake including the minimum tonnage supply requirement to allow flexibility to develop the sales book into the Chinese industrial market in a manner better aligned with the Company's ***strategic*** objectives.

General Market Update

End Use Sectors

Global electric vehicle (battery and plug-in) sales from January to November 2017 rose +51% yearon-year to just over 1 million units. This is the first time more than 1 million electric vehicles have been sold in a single year.

Nearly half of global electric vehicles sales from January to November 2017 were attributed to China where 498,000 units were sold, rising +69% year on year (YoY). In the other major markets, Europe sold a total of 254,000 electric vehicles (+32% YoY) and USA 187,000 (+28% YoY).

Lithium-ion battery sales for electric vehicles from January to November 2017 amounted to 29GWh (+89% YoY).

Flake graphite demand for electric vehicles was approximately 100,000 tonnes in 2017.

2017 was a strong year for global steel production. The World Steel Association announced global steel production for 2017 was 1,691 million tonnes, a 5.3% increase on 2016 levels. Investment in infrastructure in China and a general recovery in Ex-China markets helped support steel demand and the associated natural graphite demand from refractory products.

Supply

Ongoing enforcement of environmental regulations continued to impact Chinese graphite supply during the quarter.

In addition to the introduction of carbon emission trading, the Chinese government also replaced the pollutant discharge fee, with a new environmental tax from 1 January 2018.

Outside of China, Brazilian exports of natural graphite declined slightly in 2017. Total exports of natural graphite were 22,475 tonnes in 2017, a 5% decline on 2016 levels.

Graphite Price2

The global price for large flake graphite, used in refractory and other industrial applications, remained at elevated levels compared to earlier in 2017.

Prices for minus 100 mesh natural graphite, used in the battery sector, remained relatively stable through the quarter and at levels that challenge the higher cost ***producers*** in the industry.

Prices for uncoated natural spherical graphite remained steady over the quarter. There has continued to be a focus from battery anode manufacturers on increasing the use of natural graphite.

Although prices of synthetic graphite declined somewhat during the quarter, they remain substantially higher than natural graphite.

Mozambique

The Mozambique economy continues to improve with inflation trending down and the Metical remaining stable in the last quarter.

In 2018, the World Bank ***plans*** to return funding to a level seen before the recent debt events unfolded, which will provide further positive support for growth in 2018.

BATTERY ANODE MATERIAL

Status of Battery Anode Material (BAM) Plant in Louisiana

During the quarter, Syrah progressed further detailed design, site selection, permitting, commercial supply negotiations for the BAM processing facility, and long lead time equipment orders have been placed. Air and water permit applications were submitted to the Louisiana Department for Environmental Quality, who also review and monitor air and water discharges for compliance. Syrah's proposed facility will comply with all relevant environmental regulations. A preferred site had been selected at Port Manchac in South Tangipahoa Parish, Louisiana, and commercial site negotiations were largely complete. Subsequent to quarter end, the Company announced the rejection of the Port Manchac site as not being an appropriate location for further manufacturing facilities (refer to ASX announcement dated 10 January 2018).

With assistance from Louisiana Economic Development, the Company reviewed a range of options prior to selecting the Port Manchac site, and has subsequently received approaches from a number of alternative sites. The majority of the development, engineering, environmental and commercial work completed to date will be transferable.

Syrah is advancing commercial discussions for these alternative sites, but is yet to finalise a preferred site for the integrated milling and purification operation. The sites under consideration are in industrial manufacturing zones, provide ready access to the necessary supply chain and logistics infrastructure as well as space for future BAM production capacity expansion. Syrah will comply with all relevant environmental regulations at the alternative sites, and will engage with Parish leadership and the local community at the chosen site. Syrah is also considering an option to split initial milling and purification operations, and commence milling flake graphite at a previously identified site.

Long lead equipment for the milling and shaping operations will begin to arrive in Q1 2018. The strategy and timeline for production commencement is subject to finalisation of site decisions, site lease finalisation, and relevant permitting. Installation of the dual line mills, total 5,000 tonnes per annum capacity, and required infrastructure is expected to take approximately three months after arrival of the long lead equipment, for first production of milled material. A Construction Manager has been appointed to oversee project field activities.

During the quarter, US$ 4.2 million was spent on BAM plant and product research and development activities with key expenditures including plant design and engineering activities and the procurement of long lead items. An additional US$ 5.6 million was committed bringing total actual and committed expenditures for the quarter to US$ 9.8 million.

The ***planned*** spend of US$ 40 million for construction of the BAM production facility with 10,000 tonnes per annum milling and purification capacity, and for ongoing Syrah BAM target research testing and development remains unchanged.

BAM Research and Development

Testing and benchmarking of the electrochemical properties of battery anode materials using Balama material with focus on key variables of physical and chemical properties, composition, structure and performance has been completed.

The benchmarking study will form the base for Syrah's BAM product roadmap evolution and the next phase of the development ***plan*** with further details provided at the end of Q1 2018.

The Syrah-Cadenza team continued to advance the qualification of potential technology partners to accelerate the introduction of high performance BAM products to the marketplace.

FINANCE AND CORPORATE

Finance

Cash reserves as at 31 December 2017 were US$ 111.9 million.

The Company successfully completed A$ 110 million (US$ 87 million) equity raising (refer to ASX announcement dated 10 October 2017) with proceeds of A$ 36 million (US$ 29 million) received from the retail component of the Entitlement Offer and 8.5 million new shares issued.

The Company received US$ 1.9 million and issued 600,000 ordinary shares following exercise of options during the quarter.

Targeting positive cash flows from operations at Balama in early H2 2018, previously from late H1 2018, due to minor revision to production ramp-up ***plan***.

Board and Executive Changes

The following changes occurred during the quarter (refer to ASX announcement dated 16 October 2017 and 30 November 2017): Appointment of Independent Non-Executive Director, Mr Stefano Giorgini.

Appointment of Chief Legal Officer and Company Secretary, Ms Jennifer Currie.

Resignation of Non-Executive Director, Mr Rhett Brans effective 31 December 2017.

Resignation of Chief Operating Officer (COO), Mr Darrin Strange effective 30 November 2017

Syrah is currently reviewing the requirements for the COO role taking into consideration the Company's broader geographical remit and has commenced a global search. David Griffiths, General Manager Operations is leading the operational control at Balama, and has over 25 years of mining and processing experience.

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About Syrah Resources

Syrah Resources Limited (ASX code: SYR) is an Australian-based industrial minerals and technology company. Syrah is currently constructing the Balama Graphite Project (Balama) in Mozambique, with construction substantially complete. Syrah ***produced*** its first saleable flake graphite product in November 2017. Balama will be the leading global ***producer*** of high purity graphite. Balama production is targeted to supply traditional industrial graphite markets and emerging technology markets. Syrah is also developing a downstream Battery Anode Material plant in Louisiana, USA. Syrah has successfully completed extensive product certification test work with several major battery ***producers*** for the use of Balama spherical graphite in the anode of lithium ion batteries.

Forward Looking Statement

This document contains certain forward looking statements. The words 'expect', 'anticipate', 'estimate', 'intend', 'believe', 'guidance', 'should', 'could', 'may', 'will', 'predict', '***plan***' and other similar expressions are intended to identify forward looking statements. Forward looking statements in this presentation include statements regarding: the timetable and outcome of the equity offer and the use of the proceeds thereof; the capital and operating costs, timetable and operating metrics for the Balama Project; the viability of future opportunities such as spherical graphite, future agreements and offtake partners; future market supply and demand and future mineral prices. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This presentation contains such statements that are subject to risk factors associated with the mineral and resources exploration, development and production industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to the following risks: dependence on commodity prices, availability of funding, impact of inflation on costs, exploration risks, including the risks of obtaining necessary licences and diminishing quantities or grades of reserves, risks associated with remoteness, environmental regulation risk, currency and exchange rate risk, political risk, war and terrorism and global economic conditions, as well as earnings, capital expenditure, cash flow and capital structure risks and general business risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this presentation will actually occur. Actual results, performance or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. The forward looking statements in this presentation speak only as of the date of this presentation. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, the Company disclaims any obligation or undertaking to provide any updates or revisions to any forward looking statements in this presentation to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this presentation will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this presentation.

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TVeyes - BBC World

April 2, 2018 Monday

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**Section:** U.K. NATIONAL; News

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**Body**

**Speech to text transcript:**[[71]](#footnote-72)1

moment Let's try trying to say we're not going to be to get into more serious eye and a soy beans as ***agricultural*** commodities if we are much more hurt your fond of Liquid very important President Trump but they also have a very negative effect on Chinese consumers they rely upon soar these so this is the consequence consumers employers both countries are affected and shallots sailors be careful about this does have the most to lose here because the US economy has been chugging along quite well it was one of Donald Trump's campaign promises what could happen if this trade war does take hold well people have been talking about who will win who lose it and first impression is what China has a huge trade surplus with America America has a huge deficit therefore it must be a Channel whose CV every trade war because it would lose the process of society true their strategically so interconnected for example if America proceed to launch punitive tariffs on the technologically sophisticated manufacturing goods coming from China what these products take Apple or Apple goods ***produced*** in China support you are levying a terrified of Apple's products whose search for it be true is that if you're our Apple iPhone on it does go to China hundreds of hours those South Korea Japan and I want to drag the but the box a that that you this letter because Apple you and that is terrifying were people like yourself very brief say is this a long-term change to the the global economic order that we're seeing I think there is this is ***strategic*** issue the rise of China is getting very powerful very strong you ICC even to sexting Europe as concerned about this and the question ultimately it is China playing fair and is within the ground rules about the beauty of the original concerns there are questions you address the concerns to punitive actions would you try to get China involved more negotiations you come on Thank you very much for joining me tens of thousands of teachers walked out of the classroom and onto the streets of Oklahoma and Kentucky today Pushing for more government funding for schools Oklahoma is among the bottom 3 states in teachers salaries and until last week they had seen a state raised in a decade but protesters say this is about more than just pay the BBC's James Cook has more its 5 in the morning but Teresa Danks is already teach we need do that today you can get a lot they are I per student is halfway across the world in China all is happy Yes out she makes better money teaching him she does a classroom here in the richest nation on Earth you Yes you Yes I only the furniture in this room has provided by the state everything else is paid for by the teacher herself chapters here was is thanks says she's angry disgusted and embarrassed she even resorted to begging for money for supplies on a Street corner our education system has failed at least in the state of Oklahoma and it is feeling a lot of places across the United States is failing our children and we are begging for voices to be heard as teachers we are begging for change we are begging for a pay raise were begging for the state of a hard man to put education is a priority for the future and our state and nation a pay raise has now been approved but teachers walked out today anyway marching on the state capital they say the increase of around 15 per cent is a drop in the bucket after a decade of deep and damaging tax cuts and next feeling those cuts fewer Crutcher elementary which is now open just 4 days a week to save money on buses electricity and support staff it isn't enough though I think if you are a class we've had we've had a really poor are ***programme*** that we have the funding for any more and we have Hire new cars were using these has I like the school dinners I was a full-time counsellor modest tax rises on oil and gas production fuel and cigarettes are now in the pipeline but critics say it's too little too late for oil-rich of hope that is not the first state to implement a deep tax cuts neighbouring Kansas tried to and also ran into trouble but now even some Republicans here say it's time to admit that this experiment has failed we travel out into the heart ***plan*** to meet one of them Gary Jones is running for governor of Oklahoma the only candidate in favour of raising taxes well it seems that everything we do as a crisis and its part of

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Impact News Service

April 6, 2018 Friday

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**Body**

Geneva: The Office of United Nation has issued the following news release:

Alessandra Vellucci, Director of the United Nations Information Service in Geneva, chaired the briefing, which was attended by the Permanent Representative of India to the Conference on Disarmament, the Coordinator and Head of ***Strategic*** ***Programmes***, Patient Safety, for the World Health Organization and the spokespersons for the Office of the United Nations High Commissioner for Human Rights, the United Nations Refugee Agency, the World Health Organization, the World Meteorological Organization and the World Trade Organization.

Group of Governmental Experts on Lethal Autonomous Weapons Systems

Ambassador Amandeep Gill, Permanent Representative of India to the Conference on Disarmament, said that the Group of Governmental Experts on Lethal Autonomous Weapons Systems operated within the framework of the Convention on Certain Conventional Weapons (CCW). The following week would see its second formal meeting, which would involve two weeks of discussion. The first meeting had taken place in November 2017. It had been successful in underlining the importance of the CCW as the appropriate framework for handling the topic of lethal autonomous weapons systems, which had wide-ranging technological, legal, ethical, political and security implications. In 2017, the Group had succeeded in adopting a report by consensus. The report set out some basic principles. The first was that international humanitarian law continued to apply to all weapons systems, including the potential development and use of lethal autonomous weapons systems. The second was that responsibility for the deployment of weapons systems in situations of armed conflict remained with States. The third was that the work of the Group of Governmental Experts on Lethal Autonomous Weapons Systems should not hamper the development of civilian research. The fourth was that, as technology continued to develop rapidly, its potential military applications should be kept under review.

Ambassador Gill also said that, the following week, the Group of Governmental Experts would focus on four issues. The first was the issue of characterization, or the problem of defining autonomous systems. The second was the human element, or the various touchpoints in the human-machine interface and their significance in the development and use of autonomous systems. The third was the application of such technologies in the military domain. An expert panel would be held on that issue. The fourth and final issue concerned the possible options for dealing with the international security concerns to which the technologies in question gave rise. Those options could include legally binding instruments, politically binding documents or other ways of crafting an international governance regime.

Ambassador Gill added that, based on the bilateral and regional consultations that he had recently had and the number of working papers that High Contracting Parties continued to ***produce***, he was confident that the forthcoming meeting would be an opportunity for high-quality discussion and that all stakeholders would continue to participate fully.

Responding to questions from journalists, Ambassador Gill said that all the working papers that had been submitted had been uploaded to the CCW website. The website had his food-for-thought paper from 2017, the full report of the November 2017 meeting, including a summary of the discussions held across the various panels, and links to relevant research. It was expected that a press event would be held towards the end of the meeting. He worked actively with industry to address issues relating to autonomous systems. The previous week, he had met with various stakeholders, including industry leaders such as Google and Apple. All stakeholders were struggling with the topic, as it involved very complex issues. The United Nations system, as the proper domain in which to address such issues, was working hard to make progress. The United Nations system was also looking beyond the military application of lethal autonomous weapons systems. The International Telecommunication Union (ITU), for example, was dealing with related issues, including health and the future of work in the context of artificial intelligence. In May 2018, ITU would host the AI for Good Global Summit 2018.

Responding to further questions, Ambassador Gill said that, in the face of considerable scepticism, the Group of Governmental Experts on Lethal Autonomous Weapons Systems had managed to adopt a report by consensus. In addition, it had secured consensus on specific agenda items, which was a not insignificant achievement. He was confident that the CCW was capable of curating the discussion. No other convention allowed for the same balance between military necessity and humanitarian principles. Indeed, it would not be possible to engage military stakeholders unless they were confident that due regard had been paid to military necessity. The rules of procedure of the CCW facilitated wide cooperation, not only with NGOs, but also with industry and academia. The participants in the meetings of the Group of Governmental Experts on Lethal Autonomous Weapons Systems included various researchers, entrepreneurs and technologists. In 2018, he hoped to work more closely with industry associations.

Responding to a question on the goals of the Group of Governmental Experts on Lethal Autonomous Weapons Systems, Ambassador Gill said that he hoped that, by the end of the year, a report would have been adopted by consensus and that a foundation would have been laid to facilitate the identification of autonomous systems and those aspects of the human-machine interface that offered an opportunity for adding value. In addition, he hoped that High Contracting Parties would conduct an ongoing evaluation of technology. Similar efforts had been made within the framework of the Chemical Weapons Convention. Lastly, he hoped that, by the end of the year, it would be clearer what political options were available.

Gaza

Alessandra Vellucci, for the United Nations Information Service in Geneva, recalled that the Secretary-General had issued the following statement on the situation in Gaza:

“In light of the tragic events of the “Great Return March” last Friday, I reiterate my call on all concerned to refrain from any act that could lead to further violence or place civilians in harm's way, especially children.

I call upon all parties on the ground to avoid confrontation and exercise maximum restraint. I particularly urge Israel to exercise extreme caution with the use of force in order to avoid casualties. Civilians must be able to exercise their right to demonstrate peacefully.

I again stress the urgency to accelerate efforts to return to meaningful negotiations that will eventually allow Palestinians and Israelis to live in two democratic states side by side in peace and within secure and recognized borders. I reaffirm the United Nations’ readiness to support these efforts.”

Ms. Vellucci also recalled that the United Nations Special Coordinator for the Middle East Peace Process, Nickolay Mladenov, had recently issued a statement on the situation in Gaza.

Elizabeth Throssell, for the Office of the United Nations High Commissioner for Human Rights (OHCHR), read the following statement:

“Given the deplorable killing of 16 people and the injuring of reportedly more than 1,000 others during protests in Gaza, mostly on 30 March, we are gravely concerned that further violence could occur during demonstrations today and in the coming weeks.

The 16 people were killed by live fire during protests, with reports indicating that of the more than 1,000 others injured, hundreds were also hit by live ammunition. Given the large number of injuries and deaths, the ominous statements made by Israeli authorities in the days leading up to the protest, as well as indications that the individuals killed or wounded were unarmed or did not pose a serious threat to well-protected security forces – and in some cases were actually running away from the fence – there are strong indications that security forces used excessive force.

In policing the green-line fence, Israeli security forces are required by international human rights law to respect the rights to peaceful assembly and expression and to use, to the extent possible, non-violent means to discharge their duties. In accordance with international human rights law, firearms may be used only in cases of extreme necessity, as a last resort, and in response to an imminent threat of death or risk of serious injury. While a minority of protestors reportedly used means that could be dangerous, the use of protective gear and defensive positions by law enforcement officials would have mitigated the risk and should not have led to recourse to lethal force. An attempt to approach or cross the green-line fence by itself certainly does not amount to a threat to life or serious injury that would justify the use of live ammunition.

We remind Israel of its obligations to ensure that excessive force is not employed against protestors and that in the context of a military occupation, as is the case in Gaza, the unjustified and unlawful recourse to firearms by law enforcement resulting in death may amount to a willful killing, a grave breach of the Fourth Geneva Convention.

We echo the call by the UN Secretary-General for an independent and transparent investigation into these incidents, with a view to holding accountable those responsible. We also call on leaders on both sides to do all in their power to prevent further injuries and loss of life.”

Responding to questions from journalists, Ms. Throssell, for OHCHR, said that, according to information received by OHCHR, it seemed that the Israeli security forces had used lethal force in a situation in which there had been no threat of death or serious injury. OHCHR had sought to draw attention to the situation because further protests were ***planned*** for later that day and the coming weeks and it hoped to prevent further loss of life. OHCHR took the position that the Use of Force and Firearms by Law Enforcement Officials was the applicable legal framework in the current situation and that, if there had been an unjustified and unlawful recourse to firearms that resulted in death, it might amount to wilful killing, which was a grave breach of the Fourth Geneva Convention.

Guatemala

Elizabeth Throssell, for the Office of the United Nations High Commissioner for Human Rights (OHCHR), read the following statement:

“The parallel trials of Guatemala’s former military leader, General Efraín Ríos Montt, and the former intelligence chief, José Mauricio Rodríguez Sánchez, on charges of genocide against the indigenous Ixil people and crimes against humanity were due to resume today after the Easter break.

Obviously given Rios Montt’s death on 1 April, only the trial of Rodríguez Sánchez is set to resume. We urge the Guatemalan authorities to ensure that the trials of those accused of violations committed during the country’s 36-year internal conflict proceed without undue delay. Ríos Montt’s death should not prevent the authorities from fulfilling their obligations regarding the rights to truth and justice, reparation, and guarantees of non-repetition.

Despite the valiant efforts of the victims and Guatemalan civil society, to date, very few of the prosecutions for grave human rights violations - especially of high-level officials -- have resulted in convictions.

Ríos Montt himself was found guilty in May 2013 of genocide and crimes against humanity, only for his conviction to be annulled days later on procedural grounds. It took four years for him to be tried again.

Such delays increase the risk of depriving people of their right to justice, especially given the advanced age of many of the victims and defendants, as demonstrated by the death of Rios Montt at the age of 91. Delaying justice can also amount to a violation of the obligation of the State to investigate and prosecute serious crimes under international law. To this end, we call on the authorities to enact a legal framework that effectively prevents and punishes the malicious use of injunctions (amparo) and other delaying tactics employed by defendants.

We also urge the Guatemalan Government to ensure the protection of independent judicial authorities and others involved in the prosecution of cases, given the threats made against them.

It is important that the new Attorney General due to be elected next month demonstrates a strong commitment to continue the fight against impunity for crimes of the past.”

Responding to a question on the independence of the judiciary, Ms. Throssell said that transitional justice was one of the issues that the High Commissioner had raised during his mission to Guatemala in November 2017. The election of the Attorney-General was critical, as the Office of the Attorney-General played a crucial role in bringing prosecutions in Guatemala. During the High Commissioner’s visit to Guatemala, he had met a victim of the genocide. The victim had been aged 8 years when soldiers had entered his village. They had killed his father, his mother and all his siblings. OHCHR was highlighting such cases in order to secure justice for victims.

Human Rights in Brazil

Responding to questions regarding the human rights situation in Brazil, Elizabeth Throssell, for the Office of the United Nations High Commissioner for Human Rights (OHCHR), said that OHCHR was monitoring the case of Luiz Inácio Lula da Silva as it developed. The case was currently going through the appeals process. If grave human rights concerns were brought to the attention of OHCHR, they would be investigated. OHCHR stressed that, in the context of the developments currently taking place, it was important that due legal process was respected.

Migration in Latin America

William Spindler, for the United Nations Refugee Agency (UNHCR), read the following statement:

“UNHCR, the UN Refugee Agency, working with the Brazilian Government and partners is ramping up the humanitarian response for the growing number of Venezuelans arriving in the north of the country with increasing needs.

According to the Government’s latest estimates, more than 800 Venezuelans are entering Brazil each day. As the complex political and socio-economic situation in their country continues to worsen, arriving Venezuelans are in more desperate need of food, shelter and health care. Many also need international protection.

More than 52,000 Venezuelans, including 25,000 asylum seekers and 10,000 who held temporary resident visas, have arrived in Brazil since the beginning of 2017. An estimated 40,000 have entered through the isolated northern state of Roraima and are living in Boa Vista, the state capital.

With numbers growing, public services such as health care and sanitation are becoming stretched. Authorities recently declared a state of emergency and have allocated approximately US$ 58 million for emergency humanitarian assistance for people coming from Venezuela.

UNHCR has been working closely with the Brazilian Federal Government to register Venezuelans and ensure all arrivals have proper documentation. Once documented, Venezuelan asylum-seekers, as well as those with special stay permits, have the right to work, and access health, education and other basic services.

Brazil’s Federal Government Committee on the Emergency Response to the Venezuelan influx, which is coordinating the humanitarian response in Roraima, is working with UNHCR to ensure Venezuelans have access to health care and proper shelter, and that they are being provided with basic aid items such as personal hygiene kits and mattresses.

UNHCR and the Brazilian Authorities are increasingly concerned by the growing risks faced by those Venezuelans who are living on the streets, including sexual exploitation and violence. To meet shelter needs and mitigate these risks two new shelters in Boa Vista have been opened in the last two weeks. The new shelters can house 500 people each, and are nearly at capacity. Priority is given to families with children, pregnant women, elderly people and others with specific needs.

UNHCR is managing the new shelters, and our staff are doing biometric registration and issuing identification cards for food and aid distributions there. At the same time, the Federal authorities through the Brazilian army are providing three warm meals a day as well as physical security. The municipal government is conducting vaccinations on site. Meanwhile, we are working with the authorities to identify Venezuelans willing to relocate voluntarily from Roraima to other parts of Brazil. Relocation will provide longer-term solutions for people in need and ease the strain on local communities and services in Roraima state. Two flights, operated by the Brazilian Air Force are leaving Boa Vista this week. One left yesterday, flying 104 Venezuelans to Sao Paulo. The second is expected today to Sao Pablo and Cuiabá, the capital of the Mato Grosso state located in the centre of the country. This is expected to carry a further 120 Venezuelans.

So far, some 600 Venezuelans have been relocated to other cities, where local authorities and civil society groups are helping them integrate and become self-reliant. A UNHCR survey conducted by the Federal University of Roraima revealed that 77 per cent of Venezuelans currently living in Roraima hope to relocate to other parts of Brazil. UNHCR is grateful to the actions of the Brazilian Government, including in keeping its borders open to Venezuelans and ensuring that all refugees and asylum-seekers in Brazil have access to basic rights and services.”

Responding to questions from journalists, Mr. Spindler, for UNHCR, said that there were 10 shelters in total in Brazil. UNHCR was trying to move people to other parts of the country. Many of them had indicated that they were willing to do so. Although UNHCR did not anticipate a need to build refugee camps in the region, it should be stressed that those affected were still in need of help. Brazil was currently receiving 800 arrivals per day. The number had fluctuated over time. He would verify the statistics that had been given in his statement after the press briefing. The Venezuelans who were fleeing their country were doing so for a large number of reasons, including economic reasons. They included men, women and children and reflected a broad section of Venezuelan society. UNHCR had a presence in Venezuela because the country had once had a large migrant population of its own.

Responding to questions from journalists, Tarik Jašareviæ, for the World Health Organization (WHO), said that he did not have precise figures on the health situation in Venezuela. The Food and ***Agriculture*** Organization and the Pan American Health Organization had issued a report on food and nutrition security in Latin America and the Caribbean, which showed that hunger affected a large proportion of the population. The economic situation in Venezuela had an impact on access to health services and the availability of medicines. Under the WHO International Health Regulations (2005), countries had an obligation to report on the prevalence of a number of specific diseases that presented a major public health risk. In order to improve the situation in Venezuela, WHO was working to provide essential medicines to treat a range of diseases and to strengthen hospitals in the region.

WHO announcement

Tarik Jašareviæ, for the World Health Organization (WHO), said that 7 April 2018 was World Health Day. It was also the 70th anniversary of WHO. In 1948, WHO had been founded on the principle that the enjoyment of the highest attainable standard of health was one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition. The establishment of WHO had been approved in 1945. The WHO Constitution had been drafted by a committee chaired by Dr. Brock Chisholm, who had later, in 1948, become the first WHO Director-General. The Constitution had been approved by Member States during the International Health Conference in New York, United States of America, in 1946, had been signed on 22 July 1946 by the representatives of 61 States and had entered into force on 7 April 1948.

Mr. Jašareviæ added that, on the occasion of its anniversary, WHO was promoting the principle of the enjoyment of the highest attainable standard of health. That principle was as valid in 2018 as it had been in 1948 and lay at the heart of the Sustainable Development Agenda. WHO was calling for universal health coverage because the evidence showed that all countries, at all income levels, could make progress with the resources that they had. At least half of the world’s population did not receive necessary essential health services. Payments for health services were pushing around 100 million people into extreme poverty. Over 800 million people (almost 12 percent of the world’s population) spent at least 10 percent of their household budgets on health expenses for themselves, a sick child or another family member. Countries were approaching universal health coverage in different ways. There was no single path. All countries had to find their own way, in the context of their own social, political and economic circumstances. But every country could do something to advance universal health coverage.

Dr. Edward Kelley, Coordinator and Head of ***Strategic*** ***Programmes***, Patient Safety, World Health Organization (WHO), said that more progress had been made in health over recent decades than in almost any other sphere. Globally, there had been an enormous increase in life expectancy. Some of the greatest gains had been made in children’s health. Between 1990 and 2016, the number of children who died before reaching the age of 5 years had fallen by 6 million. In cooperation with other stakeholders, WHO had played a leading role in improving the world’s health. It had made efforts to eradicate diseases, including smallpox, and to fight damaging habits, such as tobacco use. The Framework Convention on Tobacco Control and the Expanded ***Programme*** on Immunization were two examples of those efforts. The latter had averted an estimated 2 to 3 million deaths per year. WHO had also worked with partners to issue HIV recommendations for earlier and simpler treatment, which had helped 21 million people to access life-saving treatment for HIV, and had contributed to the development of vaccines to meningitis and Ebola. WHO had also made enormous conceptual contributions. Without the International Classification of Diseases, for example, there would be no common language with which to talk about diseases. In addition, the Global Health Observatory served as a gateway to health-related statistics from around the world.

Dr. Kelley added, however, that there remained many challenges, often of an intersectoral nature. One was the rise of non-communicable diseases, which killed 40 million people per year, amounting to 70 per cent of all deaths. Some 80 per cent of those deaths occurred in low- and middle-income countries. Urbanization was another such challenge. WHO had worked very closely with the United Nations Refugee Agency and the International Organization for Migration on migration and refugee health and had recently approved relevant principles and priorities. Other threats included microbial resistance, the risks to health of climate change and the possibility that innovation in medicine would worsen inequalities. In the context of those various challenges and threats, WHO had identified universal health coverage as an overarching aim for the future. That aim was set out in the draft general ***programme*** of work that would be approved at the World Health Assembly. It was at the heart of the efforts being made to combat, inter alia, communicable diseases, non-communicable diseases and antimicrobial resistance. WHO had placed emphasis on extending essential health coverage to an additional 1 billion people by 2023. Political leadership would be critical. It was fitting that 2018 was the 40th anniversary of the 1978 Declaration of Alma-Ata, which placed primary care at the heart of essential health coverage. WHO had ***produced*** branded t-shirts to mark its 70th anniversary.

Alessandra Vellucci, for the United Nations Information Service in Geneva, said that, ahead of of World Health Day, the Secretary-General had issued a statement calling for all people to have access to the health services that they needed.

Responding to questions from journalists, Dr. Kelley for WHO said that there was no one path towards universal health coverage. Different countries would work towards that aim in different ways. For that reason, the term “progressive realization of universal health coverage” was often used in that context. In addition, there was no single metric for universal health coverage. To give one example, in Cambodia, primary-care services for hypertension and basic cancer screening were currently being expanded, which made its progress difficult to capture in a single metric. One possible source of statistics was the report that came out of the Universal Health Coverage Forum 2017. Progress was being made towards achieving the target set under the draft general ***programme*** of work, but efforts would need to be stepped up significantly. Impressive progress had been observed in many African countries in recent years.

Responding to a question on health care in the United States of America, Dr. Kelley for WHO said that the variations within countries were often greater than the variations between them. The United States of America had pockets of excellence in a number of fields, including health-care delivery and digital health. At the same time, WHO experience showed that countries such as the United States of America could benefit from the experience of countries such as Uganda.

OHCA announcement

Alessandra Vellucci, for the United Nations Information Service in Geneva, speaking on behalf of the Office for the Coordination of Humanitarian Affairs (OCHA), said that OCHA, the Netherlands, the United Arab Emirates and the European Union would host a Humanitarian Conference on the Democratic Republic of the Congo on Friday, 13 April, at the Palais des Nations. Mark Lowcock, Under-Secretary-General for Humanitarian affairs and Emergency Relief Coordinator, would be chairing the event. Other speakers would include Sigrid Kaag, Minister for Foreign Trade and Development Cooperation, Netherlands; Reem Ebrahim Al Hashimy, Minister of State for International Cooperation, United Arab Emirates; and Christos Stylianides, European Commissioner for Humanitarian Aid and Crisis Management. Further information, including the final ***programme***, would be announced by the beginning of the following week. There would be a media opportunity at a time to be confirmed.

WMO March briefing

Clare Nullis, for the World Meteorological Organization (WMO), said that March 2018 had been the third warmest on record, according to the European Centre for Medium Range Weather Forecasting Copernicus Climate Change service. However, it had not been as warm as March 2016 or March 2017. Large differences had been observed within Europe in March 2018. Spain had experienced 163 mm of rainfall, which was more than three times the long-term average. In France, Mediterranean regions had seen two to four times more rain than average. Temperatures had been substantially above average over a large region stretching from north-eastern Africa through the Middle East and into China and the Indian sub-continent. Pakistan, for instance, had experienced a heatwave with temperatures of up to 45°C. At least 34 meteorological stations broke temperature records for March. Bahrain had experienced a mean temperature of 24.6°C, which was 3.6°C above the long-term average. WMO would publish and distribute a round-up on March 2018 later that day.

WMO Hurricane Committee

Clare Nullis, for the World Meteorological Organization (WMO), said that the WMO Hurricane Committee would meet the following week in Martinique. The year 2017 had been exceptionally active. For that reason, the meeting would last five days instead of the usual four. The 2017 Atlantic hurricane season had been one of the most destructive on record. Damage costs had exceeded USD 250 billion in the United States of America alone, whilst recovery for the worst-hit Caribbean islands, such as Dominica, would take years. For the first time on record, three category 4 hurricanes had made landfall in the United States of America, and six category 5 landfalls had occurred across the Caribbean basin. Several hundred people had died, but the death toll would have been much higher without a warning system. The Hurricane Committee worked to improve the operational procedures in place. It was also responsible for naming hurricanes. More information would be made available once it had made its naming decisions the following week.

Responding to a question on the work of the Hurricane Committee, Ms. Nullis said that the hurricane season ran from May to November in the Atlantic. A meeting was usually held in late March or early April to review to previous season and to ensure that all necessary operational ***plans*** were in place for the following one.

WTO announcement

Fernando Puchol, for the World Trade Organization (WTO), said that, on Thursday, 12 April, WTO would release its world trade statistics. The figures would provide an overview of trade in goods and services in 2017 and the WTO’s 2018 and 2019 forecasts for world trade. A detailed press release containing the 2017 figures and projections for 2018 and 2019 would be distributed to the press under embargo at 10 a.m on Thursday in Room D at WTO headquarters during a two-hour lock-down. Journalists would be required to stay in the room and would not be able to communicate any materials related with the statistics with anyone outside during the embargo period. WTO Director-General Roberto Azevêdo and Chief Economist Robert Koopman would hold a press conference at 11 a.m The embargo would be lifted at noon Geneva time. The press release would be available online from 1 p.m Geneva time. Audio outlets would be available at the back of room D. Full audio from the press conference would be posted online approximately 1 hour after the end of the press conference.

Mr. Puchol added that the video of the event would also be posted on YouTube by early afternoon. Journalists were able to attend with United Nations press badges but, if they intended to bring a camera crew or photographers, they should notify WTO in advance if they wished to organize space or if they or their colleagues did not have a WTO or a United Nations press badge. The WTO would distribute video of the press conference, including soundbites from Roberto Azevêdo and Robert Koopman and additional footage from the press conference and WTO exteriors. The video was free of rights for use by broadcasters. Files would be available after 2 p.m Geneva time at the WTO broadcast video page. Journalists could obtain further details by contacting WTO TV staff.

Responding to questions from journalists, Mr. Puchol said that the Director-General would be present for the duration of the press conference. At the Dispute Settlement Body meeting scheduled for Monday, 9 April, issues that were not on the agenda could be raised.

Geneva events and announcements

Alessandra Vellucci, for the United Nations Information Service in Geneva, said that day, the Human Rights Committee would close its 122nd session and issue its concluding observations on the reports of the five countries reviewed during the session, namely Guatemala, El Salvador, Norway, Hungary and Lebanon.

Ms. Vellucci also said that the 28th session of the Committee on the Protection of the Rights of All Migrant Workers and Members of Their Families would begin on Monday, 9 April, at 10 a.m During the session, the Committee would review the reports of Algeria, Guyana and Saint Vincent, and the Grenadines.

Ms. Vellucci added that, the following week, Erik Solheim, Executive Director of the United Nations Environment ***Programme***, would come to Geneva. His schedule did not allow for a press conference. However, he was available for one-to-one interviews with journalists, and those interested should contact Alejandro Laguna to request an interview.

**Load-Date:** April 7, 2018

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[***Doesn't Mundell have a day job to do?***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NW8-5NM1-F0JC-M0KG-00000-00&context=1516831)

The National (Scotland)

June 26, 2017 Monday

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**Section:** COMMUNITY

**Length:** 1080 words

**Byline:** [*Readers of The National*](http://Readers of The National)

**Body**

WHAT exactly is the "day job" of David "Fluffy" Mundell, supposed Secretary of State for Scotland? More importantly, perhaps, to paraphrase the famous Monty Python quote, "what has he ever done for us?"

It appears that his only function is to criticise every action of the Scottish Government and to incessantly call for the abandonment of any thought of another independence referendum ever, ever ever! His latest dictat on this topic is to "threaten" Nicola Sturgeon with the loss of her position as First Minister if she doesn't give up entirely on her call for indyref 2.

Pardon me, Fluffy, but I believe it's the people of Scotland who decide on who holds that position and not May's pith-helmeted consul general. Fluffy and Rape-clause Ruth are forever telling us that the people of Scotland do not want another independence referendum. How then do they explain the online survey currently being taken by the Herald that has 81 per cent of nearly 12000 responses saying Yes to a new referendum? All their constant haranguing and wishful thinking cannot stop our steady march towards independence.

John Murphy

West Lothian

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Time for a new Yes campaign and new ideas

TOMMY Sheppard MP is amongst a host of voices from both within and without the party who believe the SNP must "park" an independence referendum for now.

Whilst I concur that a referendum should be fought in the most favourable circumstances, we must also remember that it is our only avenue to independence.

Thatcher said that a majority of seats in Westminster would be a mandate, yet we've achieved that twice and we remain as dependent as ever. The Liberal Democrats said a majority in Holyrood would be enough; well we've done that and achieved another independence-supporting majority. And yet...

So if people feel we are not ready for another independence referendum then the worth of independence must be reiterated and reinforced, not hidden.

If Unionists can talk about the constitution ad nauseum then we must not shy away.

It can be no surprise to folk that the SNP wants independence, nor indeed should it be a surprise to all those independence supporters that independence was to be in the EU; it's been policy for 30 years!

If the SNP shys away from its core objective then what happens when, as it must inevitably, the SNP loses Holyrood?

It really would be a generation in the hands of Ruth or Kezia.

The entire Yes movement has to reunite and get that positive message out all the time, but not be afraid to get our hands dirty when required.

If people want to be scared about the future then let's reveal the ugly British future in all its distasteful glory.

The only thing the General Election has taught us is that 2014 is over. It is now a new campaign requiring new ideas, but it must happen or all is lost.

Kevin Cordell

Dundee

IT is time for the SNP, as Scotland's government, to grab the initiative and get on the front foot in the indy debate. They have, understandably, got bogged down in the detail of government and need to lift their eyes to the hills!

This can easily be done with a bit of boldness and as part of "the day job" and would show our country a little bit of how we could be after indy.

The SNP government has done much over the past 10 years, but folk don't look back, they look at the here and now and what the future might bring.

So, here is a three-point ***plan***.

Firstly, they must announce an enhanced infrastructure development ***programme*** for the next 20 years and bring weekly debates and votes to the parliament on each and every stage of every project, which the media could not ignore, in order to let the people know what they are doing.

How many know of all the houses, schools, hospitals, roads, bridges etc which are either done or under way? For instance, 10 new bridges on the dangerous A830 Mallaig road. These are not just civil engineering projects - they are massive infrastructure improvements to our nation. Let's shout about them!

Secondly, they must immediately introduce a proposal, for debate and rapid implementation, to bring power back to the people by creating the equivalent of "burgh councils" for every part of Scotland, urban and rural, from 5,000 to 50,000 population. These councils could deal with matters like housing, parks and environment, local development and ***planning***, leisure, libraries, public toilets and tourism etc. They would also nominate a member or two, depending on size, to five or six regional councils which could deal with infrastructure (road, rail, ferry), ***strategic*** ***planning*** and development, refuse and cleansing, social services, education, health etc.

All other services could be done Scotland-wide and with "burgh councils" there would be no need for community councils.

Finally, a genuine debate needs to be held about our European future. It is SNP policy to have full membership of the EU and this has served us well. But it is a long time since it was debated and times have changed.

The "Norway model", with access to the single market and free movement of people, is attractive to many, and has the bonus of allowing us to exit the common fisheries and ***agriculture*** policies. It also looks very likely that we will be out of the EU with the UK.

This will mean that it could be some time before an inevitable indy Scotland will get back in. The "Norway model", therefore, may well be best but would not preclude a negotiated deal for full EU membership, which would be put to the Scottish people in a referendum.

None of the above is outwith the power of the SNP government and the debate on each of these proposals would revitalise our nation and let us take the initiative.

The system has stifled the SNP government, as it is designed to do, so it is time for the SNP government to buck the system and take the lead.

Dave Thompson

Inverness

RECENTLY my wife and I went on a coach tour to East Sussex, and occasionally our accents would engender the "Where are you from?" enquiry. Usually "Blantyre" ***produces*** the response that we might get if speaking Venusian, so I usually follow it with "Have you heard of Dr David Livingstone?" and that usually makes the link. Sadly, on at least two occasions this ***produced*** blank looks and "No".

In my blissful ignorance I thought "Dr Livingstone I presume" was common knowledge in the English-speaking world, but this apparently doesn't extend to darkest East Sussex.

Barry

Blantyre

**Load-Date:** June 25, 2017

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[***Argentina - Q1 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PXF-VPD1-F0J5-804F-00000-00&context=1516831)

Argentina Pharmaceuticals & Healthcare Report

January 1, 2018 Monday

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**Length:** 4808 words

**Highlight:** Despite robust market growth fundamentals, the Argentine pharmaceutical market still presents a number of challenges, which limits its attractiveness to foreign firms, including a lax regulatory environment. Leading multinationals in terms of market share include Bayer, Roche and Novartis (given its long history in Argentina), among others. There has been an increased strength of indigenous manufacturers in Argentina in recent years, with leading players Roemmers and Bagó jointly accounting for over 10% of sales. Additionally, Argentina's growing biotechnology industry will continue to capitalise on the country's skilled workforce.

**Body**

Despite robust market growth fundamentals, the Argentine pharmaceutical market still presents a number of challenges, including a lax regulatory environment, which limits its attractiveness to foreign firms.However, despite growing pharmaceutical production and exports to Latin America and beyond, Argentina will retain its negative pharmaceutical trade balance and reliance on foreign patented drugs. Argentina is the regional leader in foreign biological medicine approvals and marketing, making it the most appealing country in Latin America for manufacturers of such drugs. The country's reliance on imported biologics will ensure its continued demand for these medicines, particularly as Argentina's negative pharmaceutical trade balance will significantly widen over the next five years.While foreign research-based and many generic drugmakers have superior product portfolios, local firms account for a share of the local market not seen elsewhere in the region. Most local players are focused on branded generic drugs, some of which were developed without much regard for IP provisions. Domestic manufacturers supply around 50% of the retail market as consumers remain faithful to brands.

However, recent years have seen increased pressures on the local industry, in terms of price, competition and pressure to improve intellectual property (IP) compliance, with some players increasingly looking abroad for growth. The highly developed biotechnology industry, one of the most advanced subsectors in Argentina, is pressuring the government for improvements in the IP protection system.Around 71.8% of the domestic market demand is met by locally ***produced*** pharmaceuticals, while imported products supply the other 28.2%. Local production is strongly dependent on imports of active ingredients (APIs), contributing to a trade balance deficit. The country exports around 20% of local production. In 2015, 250 pharmaceutical laboratories were registered in Argentina. In 2013, the 10 leading companies - among which five were Argentine laboratories - accounted for 46.2% of total sales. As of 2015, there are 110 industrial plants in the country, of which 93 are part of domestic-capital firms and 17 of foreign-capital firms. Domestic-capital laboratories account for 59.5% of sales in value terms and 65% in volumes, while foreign-capital firms account for 40.5% of sales in value terms and 35% in volumes.Leading multinationals in terms of market share include Bayer (which stands as the market leader), Roche and Novartis (given its long history in Argentina); as well as Abbott and GlaxoSmithKline, which in mid-2010 acquired Argentina's Laboratorios Phoenix; and France-based Sanofi. US-based IVAX, owned by Israel's Teva, is also an important local player and operates manufacturing facilities in the country. Mexico's Grupo Techsphere also owns production facilities in the country and has looked into acquiring local ***producers***. We expect to see Abbott among the leading companies in updated market share rankings after its acquisition of Recalcine in 2014.Data illustrates the increasing strength of indigenous manufacturers in Argentina, with leading players Roemmers and Bago jointly accounting for over 10% of sales in 2010 (latest available data), with Bayer accounting for 16.5% in the same year, reports BDO as of 2013. Other prominent home-grown firms include Elea - which has a strong presence in the OTC sector - Raffo and Gador. Also, Sidus has drawn international attention for its work developing human insulin from transgenic cattle through its BioSidus biotechnology subsidiary. Research-Based Industry

According to government reports, there were 110 industrial plants in Argentina in 2015. Of these, 93 were national, equal to 84.5% of the total, and 17 were foreign, equal to the remaining 15.5% of the total. According to CILFA about 79% of the pharmaceutical ***producers*** were located in the city and the province of Buenos Aires in 2011; about 51% in the city, 28% in Gran Buenos Aires and 3.5% in the remaining area. Additionally, about 6.5% of the pharmaceutical ***producers*** were located in Santa Fe, followed by Cordoba (5.7%), Tucuman (1.7%), la Rioja (0.7%), Entre Rios (0.7%), Mendoza (0.7%), Rio Negro (0.3%), Neuquen (0.3%), Catamarca (0.3%), Chaco (0.3%) and Misiones (0.3%).In the years following the 2001 economic crisis, several multinational drugmakers were seen to downscale their operations or exit the market completely. Comparatively weak IP protection and the weakness of the peso relative to the US dollar and other regional currencies have meant relatively few companies have returned and few new players have entered the market. Given the market's large size and the growing demand for medicines, however, multinational presence in the country has remained active through imports and new investments over the past handful of years. Local R&D is driven by an advanced biotechnology sector and public sector incentives to promote innovation, including public and private partnerships and the construction of Pilar Biotechnology Park.Argentina has also seen some investment in recent years from pharmaceutical ***producers*** based in other Latin American countries. Between 2003 and 2010, the Weinstein family - a Chilean investment group that controls Recalcine Laboratorio Chile - acquired majority stakes in several Argentine generic ***producers***. By September 2014, when Recalcine was acquired by Abbott for USD2.9bn, Recalcine operated seven manufacturing plants in Argentina. The acquisition positioned Abbott among the 10 largest companies in Latin America.In March 2012, Recalcine invested USD20mn in a facility at the Pilar Industrial Park in Argentina. The new manufacturing plant will have initial capacity to ***produce*** 50mn units of injectable oncology drugs a year. The products, which are 20% cheaper than those from multinationals, will be distributed in Argentina and abroad. They will generate estimated revenue of USD20-30mn a year. **Local Developments In Biotechnology Production** As of March 2016, a report by Endeavour, a foundation focusing on high impact entrepreneurship, highlighted that in the last decade the number of biotech firms in Argentina has duplicated to a total of 178 firms, with this figure expected to increase by 15-25% in the next five years as the sector is showing significant entrepreneurial dynamism ( *see'Research and Development'*).Pharmaceutical R&D activities in the public sector are focused on biotechnology. Historically, investments have been low, concentrated on basic science and developed by public institutions. The 2008-2011 National ***Programme*** for the Public Production of Medicaments, Vaccines & Medical Products, however, has gradually increased the public supply of pharmaceuticals. Developments include the launch of a new consortium to develop monoclonal antibodies for the treatment of cancer, in co-operation with the private sector; a ***plan*** to create the Pilar Biotechnology Park; the launch of a consortium to ***produce*** vaccines against seasonal influenza and influenza A (H1N1), in co-operation with the private sector; and technology transference for the local production of the yellow fever vaccine in Argentina, among others.The Pilar Biotechnology Park aims to bring together companies specialised in biotechnology, including those focused on ***agriculture***, medicines, food and the environment.In addition, the government funded an USD80mn vaccine and biotechnology plant that was opened by Sinergium Biotech in December 2012 in the city of Garin, under an innovative model of technology transfer based on agreements between Sinergium Biotech, Novartis and Pfizer. Sinergium Biotech is a consortium, formed by two national companies, Biogenesis Bago and Elea. The company also has an agreement with the local firm pharmADN.The technology transfer from Novartis provides the technology needed for the development and production of seasonal and pandemic influenza vaccines. Meanwhile, the agreement with Pfizer aims to ensure the local provision of 13-valent pneumococcal conjugate vaccine.Finally, through an alliance with pharmADN, an Argentine laboratory specialized in biotechnology, Sinergium Biotech will ***produce*** monoclonal antibodies.Brazil and Argentina signed a technology transference agreement for the local production of yellow fever vaccines. The technology transference started in March 2010. With this plant, Argentina would become the third worldwide ***producer*** of yellow fever vaccines. **Company Developments** In September 2017, Pfizer opened a new packaging plant for soft-capsule ibuprofen in Buenos Aires made with an investment of USD10mn. The facility will have a production capacity of 300mn capsules. Previously ibuprofen was imported from neighbouring Brazil but as of 2017 its production has been moved to Argentina. The firm expects the increased production capacity will enable an expansion of pharmaceutical exports. As of April 2017, Sinergium Biotech is to build a USD50mn plant in Buenos Aires, Argentina, for primary antigen production. The new plant will enable Sinergium to fully develop a flu vaccine, as well as other vaccines for different illnesses, using the same technology it will employ for the development of a Zika vaccine to combat the recent outbreak in Latin America. In March 2017, UK international trade minister Greg Hands announced during his visit to South America that up to GBP1bn (USD1.3bn) of support will be available to help UK companies secure business in Argentina. Hands said the UK's expertise in areas like green energy and healthcare will form the basis of new trading relationships with South American countries as the UK leaves the EU (reports GTR). In the same month, Argentine-based Savant Laboratory acquired Szama, specialized in dermatology, for ARS70mn (USD4.6mn), reports Pharmabiz. In March 2017, GlaxoSmithKline signed a tripartite collaboration agreement with Argentina's Ministry of Science, Technology and Productive Innovation and the British research centre Francis Crick Institute. GlaxoSmithKline will spend USD450,000 in three years, so that Argentine scientists from CONICET will travel to the UK with the purpose of developing research related to immunology, oncology and inflammation at the Francis Crick Institute. As part of a broader global concern with the high price of HCV therapies, Gilead will struggle in the Argentine market in terms of price, while its patent claim against an existing local generic version of *Sovaldi* (sofosbuvir) will nonetheless set a strong push on price by the civil society.

**Multinational Market Activity**

| **Company** | **Operations** |
| --- | --- |
| **AbbVie** | Abbvie has an office in the Autonomous city of Buenos Aires, Argentina. |
| **AstraZeneca** | As of information reported in December 2016, by 2019 AstraZeneca will close its manufacturing plant in Haedo, Argentina, which ***produces*** injectables; the company will, however, keep the area of quality control (Pharmabiz).AstraZeneca Argentina operates a manufacturing plant and a complete clinical research team in the country. AstraZeneca has more than 470 employees in Argentina with an extra 25 people working on clinical research (as of July 2014, Pharmaboardroom). |
| **GlaxoSmithKline** | GlaxoSmithKline has been present in the Argentine market since 1922. GlaxoSmithKline operates a manufacturing facility in San Fernando, Buenos Aires, as well as marketing and distribution offices, employing around 600 people in the country. GlaxoSmithKline's Argentine site acts as a regional manufacturing centre, supplying Brazil, Paraguay, Chile, Ecuador and Peru, in addition to the local market. |
| **Johnson & Johnson** | Johnson & Johnson has been present in Argentina since 1958. The firm has manufacturing plants in Buenos Aires in the city of Pilar, central offices in San Isidro, and commercial offices in the provinces of Cordoba and Rosario. |
| **Merck & Co** | Merck & Co has been present with a commercial sales office in Argentina since 1953. The company operates modern quality assurance facilities in Pilar and conducts some R&D locally, but its production facility was sold to local firm Sidus in 1981. Merck licenses production and carries out local co-marketing activities with the Argentine company. In December 2013, Merck Sharp & Dohme launched a new facility to check the quality of all molecules, biologics and vaccines in Pilar, Argentina. The new facility will also have a packaging line and was built with a total investment of USD11mn, including infrastructure, incorporation of new technologies and the purchase of 17 pieces of equipment. In February 2013, Merck Sharp & Dohme signed a trade agreement with Argentine local drugmaker Laboratorios Bago to promote its products used in the country's primary care system. |
| **Novartis** | Novartis operates production, sales and R&D facilities in Argentina, employing around 617 people (Novartis Argentina: 509, Sandoz: 108). In 2012 the firm spent around USD23.4bn on clinical research in Argentina (mainly in general practice medicine, oncology and vaccines). The company's main area is prescription medicines. Novartis was a co-founder of distribution operation Farmanet, with Boehringer Ingelheim, Bayer, Casasco, and Gador. |
| **Pfizer** | Pfizer has been present on the Argentine market since the 1950s and manufactures at a facility in Buenos Aires. The plant's annual output is around 700mn pills and 75mn capsules. About 70% of production is distributed locally, with 20% exported within the Mercosur region. Pfizer also has a pilot plant in Argentina, which it uses to design, manufacture and study different formulations for production. The company employs around 600 staff. |
| **Roche** | Roche has been present in Argentina since 1930, through its subsidiary Productos Roche SA Quimica e Industrial. The company operates production, distribution and marketing facilities in the country. Local offices are located in La Plata, Rosario, Corrientes, Tucuman, Cordoba, Mendoza, and Bahia Blanca. |
| **Sanofi** | Prior to the merger of Aventis and Sanofi-Synthelabo, Argentina was Aventis' base for operations in the Southern Cone region. The company fields most of its key drugs in Argentina - for example, launching Aprovel in the fast-growing and lucrative angiotensin II receptor antagonist segment. The company's vaccines unit Sanofi-Pasteur opened a new EUR60mn (USD80mn) manufacturing plant for its hepatitis B vaccine in the city of Pilar in 2007, with the first investment of its kind in Latin America. Sanofi Argentina has commercial offices in the area of San Isidro. In September 2015 Brazilian Europharma acquired Sanofi's manufacturing plant in Lomas del Mirador in Argentina for USD18mn, although Sanofi's products will continue to be manufactured in the facility through third-party manufacturing agreements. Sanofi has around 650 employees in Argentina, as Europharma acquired Lomas del Mirador plant with its 200 employees. |
| **Takeda** | Takeda has an office in Buenos Aires. In Argentina Takeda focuses on areas such as gastroenterology, respiratory diseases and pain treatment, among others, as well nonprescription drugs. |

Source: BMI Generic Drugmakers

Local production is dominated by Roemmers, Bago, Elea, Raffo and Gador. Other leading local ***producers*** include Phoenix, Casasco and Baliarda. A number of local generic ***producers*** have modernised and created new manufacturing plants, including Savant, Hexa Ahimsa, Denver Farma, Fabop, Fada Pharma, Richet, Richmond and Veinfar. Traditionally, they have supplied the public sector, but now they are looking to supply the private pharmacy sector. The government runs state ***producers***; they manufacture copycats for the public sector. State ***producers*** can be national, provincial, municipal, university and military. Advancements have been made to realign them, specialise them in certain therapeutic lines, concentrate production in key products and promote Good Manufacturing Practice (GMP) standards. Laboratorio Central de Salud Publica in the province of Buenos Aires ***produces*** the BCG vaccine. Administracion Nacional de Laboratorios e Institutos de Salud Dr Carlos G. Malbran (ANLIS) ***produces*** many vaccines against typical diseases affecting the country. Instituto Nacional de Enfermedades Virales Humanas Dr Julio I. Maiztegui (INEVH) ***produces*** viral vaccines and other immunobiologicals.In June 2011, the Senate approved a law to regulate the public production of medicaments, vaccines and medical products in the country. With the new law, all 39 public ***producers*** will be regulated by ANMAT; only 12 public ***producers*** were regulated by ANMAT, as the remaining ones followed provincial regulations. As a result, public ***producers*** are expected to have preferential treatment when dealing with the government, provinces or the autonomous city of Buenos Aires in the near future.In March 2015, the former minister of health, Daniel Gollan, stressed a focus on expanding local production capacities and increasing the prescription of generics. Recent agreements between the Argentine government and Chinese firm Sinopharm are aimed at enhancing technology transfer, pharmaceutical ingredients provision and creating complementary production capacities among both countries.In 2008 the Ministry of Health launched the National ***Programme*** for the Public Production of Medicaments, Vaccines & Medical Products. Between 2008 and 2011, the ***programme*** was extended to supply pharmaceuticals to the REMEDIAR, and Tuberculosis, Chagas and Sexual & Reproductive Health ***programmes***.The growing importance of generic drug manufacturing in Argentina owes much to the country's traditional strengths as well as its recent problems over the protection of patents on innovative drugs. The market share of domestic manufacturers was 59.5% in value terms in 2010, compared to 56.4% in 2007, although in volume terms, local players have seen their share slip steadily from around 75% in 2005 to 71.3% in 2006, to 61.4% in 2007 and reportedly to 35% in 2010. This could reflect the influx of cheaper generic products from manufacturers in other low-cost Latin American markets and, more recently, Asian countries.In an attempt to offset exposure to the domestic market, local firms are entering new export markets as far afield as Yemen, Pakistan, and Singapore. In their approach to boosting pharmaceutical exports, both government officials and leading local companies are focusing energetically on so-called South-South trade and industrial collaboration - including growing relations with China, India and other emerging markets rather than the richer and more regulated countries of the Northern Hemisphere.In late July 2007, Gador, part of the same industrial group as Roemmers, received US FDA certification for its plant in Pilar, enabling it to export to the US, a market where Argentine players have a strong price advantage, but so far a relatively limited track record. In April 2007, the company received a similar certificate for the Mercosur trade bloc. The company exports around 15% of its annual production and partners local companies in Lebanon and South Korea.In H214 local pharmaceutical company Savant was awarded a 2014 Palladium Balanced Scorecard Hall of Fame (Harvard business case) for Executing Strategy. Savant was founded in 1993 and successfully grew market share and increased profits during its first 12 years, with best total cost strategy through an integrated production process. A new Vision - launched in 2005 - focused on a new Value Proposition: to generate higher margins for pharmacists and more affordable drugs for end consumers. This transformation required the acquisition of intangible assets and development of new internal capabilities. Growth resulted from focus on international business development, innovative market segmentation, and continuing efforts to provide more and better products. After eight years (2005-2012) and completion of two successive ***strategic*** ***plans***, Savant multiplied its revenue 12-fold. Over this same period the number of active clients grew by a factor of 10. Overall equipment effectiveness doubled, revenue per employee grew by 3.5 times, and employee satisfaction reached 80%.In December 2014 the Argentine government reported the creation of a National Agency of Public Laboratories and Medicines (ANLAP). ANLAP, which was established through the Argentine legislature and operates under the Ministry of Health, is responsible for 'coordinating the work of 40 state-run pharmaceutical laboratories to ensure equal market access.' The objectives of ANLAP remain focussed on the promotion of research, industry and technology development along with the promotion of policies which seek to improve medicine accessibility. Pharmaceutical Distribution

As of 2015, the pharmaceutical wholesaler sector was composed of distribution firms or 'distribuidoras' (4 of these concentrate 99% of sales) and 450 intermediaries or 'droguerias' (4 of these concentrate 70% of sales).The leading distribution firms are Rofina (from Roemmers), Disprofarma (asociated to Bago), Farmanet (a society formed by national laboratories Gador and Casasco and multinational firms Bayer, Novartis and Boehringer Ingelheim) and Global Farm (which combines most of US firms).The leading intermediaries are Drogueria del Sud, Drogueria Monroe Americana (Grupo Gomer), Drogueria Suizo Argentina y Drogueria Barracas.The distribution sector is oligopolistic. By contrast, the retail market is highly fragmented (equating to 13,000 pharmacies), in part due to legislation attempting to discourage the concentration of large pharmacy chains in urban areas.The main purchasers remain wholesalers and retail pharmacies, accounting for around 94.2% of the pharmacy sector. CILFA estimates that 86.3% of pharmaceuticals are bought by wholesalers, of which 9.1% goes to hospitals and 77.2% is distributed to pharmacies. Pharmacies purchase a further 7.9% directly from manufacturers. The remaining 5.8% is distributed directly from manufacturers to hospitals, syndicates and co-operatives.Manufacturers entered the wholesale market in the late 1990s. They formed three main wholesalers, Disprofarma, Farmanet and Rofina, which joined forces to create the mega wholesaler FarmaStar and collectively acquire 70% of Drogueria Americana, 41% of Drogueria Helman and 100% of Drogueria Suizo-Barracas and Drogueria Sur Bahia Blanca. FarmaStar has around 85% of the retail pharmacy sector.An additional actor in the flow of the pharmaceutical chain is made by institutions called *gerenciadoras* or *mandatarias*. There are two firms under this sector, Farmalink and Preserfar, which represent leading local and multinational ***producers*** and negotiate contracts with key actors in the health system, including *obras sociales*, hospitals and PAMI, among others, on their behalf.In December 2011, Marken, a leading global clinical supply chain service provider headquartered in the US, said it will build a pharmaceutical depot in Buenos Aires. It will offer a full range of temperature-controlled storage capabilities, supplementing its already operational depots in Mexico and Singapore. The company aims to increase the supply of drugs to previously limited-supply areas, offering a novel service to clients. The new depot will help international pharmaceutical companies distribute drugs to Argentina in a regulated manner. Pharmaceutical Retail Sector

The Argentine retail pharmacy sector, which is dominated by branded patented and generic medicines, has been the key driver of market growth in the past decade, posting double-digit growth rates. Hospital sales account for around 13% of the total pharmaceutical market, while spending at pharmacy retailers represents a considerable 86%. Other distribution channels account for the remaining 1% of the total market value.Pharmacy locations and ownership rules differ between different provinces, but a qualified pharmacist must be present in a pharmacy at all times. Since 2011, the discussion over the sale of OTC medicines in non-pharmacy outlets has intensified. In fact, Buenos Aires district, which was the last region to adopt the ban of OTC sales in non-pharmacy outlets, introduced a legislative proposal to roll back the ban in H214, although the Supreme Court ruled against it in 2015, confirming the national law No. 26,567 for the adoption of the rule that medicines could be only dispensed through pharmacies in 2009.The legislation effectively bans the popular practice of purchasing everyday medicines, such as aspirin, antacids and analgesics, through street kiosks. Supermarkets, gyms, newsagents and hotels were allowed to sell OTC medicine since 1991, but public safety concerns over dispensing violations led to calls for change.Nevertheless, having won their battle against kiosk owners, Buenos Aires' independent pharmacies have shifted their focus to taking on larger retail pharmacies. Aizcorbe said in late 2011: 'Our next goals are to regulate the number of pharmacies within a certain population density and prohibit the sale of medicines and food in one location.' We have previously reported on new pharmacies opening at a rate of 1,500 a year. Local data implies that the local drug retail sector is expanding at 10% per annum, while drug sales have expanded by an annual average of 11% since 2001.The leading chain is Farmacity, which accounted for 1.4% of total pharmacies in the country (189 pharmacies) and 5% of sales as of H213. In 2010, Farmacity had a 10% value share of the retail market, substantially ahead of its main rival Vantage. Unlike smaller independent pharmacies, some of Farmacity's outlets are open 24 hours. Additionally, Farmacity has positioned itself as the market leader by offering a mix of consumer and health products alongside traditional prescription and OTC medicines.In September 2011, however, the province of Mendoza's health ministry said Farmacity's ***planned*** acquisition of 23 pharmacies would not be approved by state regulators. The company intended to rebrand 17 Mitre and six Del Aguila pharmacy chains in 2008 but faced a series of challenges from COFA. COFA and its members, comprised largely of independent operators, said the merger would monopolise the market, introducing unfair competition to the region's already fragile pharmacy sector.The main contention stemmed from a 2004 provincial law (legislation 7303) that forbids an individual entity from owning more than two pharmacies. In 2008, when the deal was first floated, Mitre and Del Aquila operated more than two pharmacies but were exempt under the law's non-retroactivity clause. Farmacity is expected to appeal but we believe the ministry's blockade reflects the increasing difficulties faced by pharmacy chains throughout much of Latin America. Independent pharmacies across Argentina, Brazil and Mexico have complained about large pharmacy chains driving them out of business, but the Mendoza case is the first time a chain operator has had its expansion ***plans*** stopped by direct government ***intervention***.The national government has passed laws to prevent the larger drug retail chains from building a dominant market share, as is the case in neighbouring Chile. Individual provinces have also passed laws to prevent pharmacy concentration, limiting the opening of new outlets within 300m of existing outlets. The policy has preserved locally-owned pharmacies but prevented the achievement of economies of scale or more tightly controlled supply chains seen in more concentrated markets.Cooperative Farmacia Social Congreso is the number-three player in terms of turnover, and Mexican low-price brands Farmacias Similares (Dr Simi) and Farmacias Ahorro (Dr Ahorro), rank fourth and fifth respectively. The former has reportedly closed its remaining outlets in Argentina, citing excessive retail market regulations, but the latter has around 55 locations and continues to open around 10 outlets a year, primarily through franchise agreements. According to local auditing firm BDO Argentina, pharmacies' profitability has also become under higher pressure in recent years, and suffers from 'discount' arrangements that *obras sociales* and *prepagas* offer to patients.As of September 2015, according to Nielsen Census data, pharmacy chains are increasing in Argentina, while independent owners are decreasing. Pharmacy chains increased from a total of 786 in 2009 to 900 in 2015, while independent pharmacies decreased from 14,476 to 14,098 in the same period. In terms of turnover, pharmacy chains gained in market share, increasing from 17% of the market in 2009 to 20.6% in 2015.Leading pharmacy chains include Farmacity and Vantage. Pharmacy chains specialised in generics include Dr Ahorro and Economed; due to bad performance, the Mexican Farmacias de Similares (Dr Simi) has closed its retail operations in Argentina.

**Load-Date:** November 9, 2017

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[***External Position Key Source Of Stability***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PVJ-4611-JD33-J3C4-00000-00&context=1516831)

Business Monitor Online

October 31, 2017 Tuesday

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**Length:** 993 words

**Highlight:** We forecast Russia's current account surplus to remain relatively stable in the coming years, supporting the country's sovereign profile but also reflecting a relatively weak macroeconomic backdrop and suppressed import demand. Meanwhile, Western sanctions and Moscow's promotion of an import substitution strategy will continue to have limited effects on the country's trade balance and external financing outlook.

**Body**

*BMI View:We forecast Russia's current account surplus to remain relatively stable in the coming years, supporting the country's sovereign profile but also reflecting a relatively weak macroeconomic backdrop and suppressed import demand. Meanwhile, Western sanctionsand Moscow's promotion of an import substitution strategy will continue to have limitedeffectson the country's trade balance and external financing outlook.*We forecast Russia's current account surplus to remain relatively stable at around 2.4% of GDP in the coming years, continuing to support the country's sovereign profile but also reflecting a weak macroeconomic backdrop. The surplus grew to USD26.6bn in the January-September 2017 period, up from USD15.3bn in the preceding year, driven by an uptick in oil prices. Oil- and gas-related exports amounted to USD141bn over the first three quarters of 2017, up from USD109bn a year earlier. While oil prices continue to benefit from the OPEC production curtailment agreement, Russia also saw stronger European demand for oil and gas, and is increasingly benefitting from links to Indian and Chinese markets.

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| Imports Picking Up Steam |
| Russia - Current Account Balance, Import And Export Growth (4qma) |
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| *Source: NBR, BMI* |

Going forward, while the impact of energy sector dynamics will continue to support Russia's exports, gains will remain somewhat subdued, as we expect only modest increases in oil prices. From a spot price of USD58.31 per barrel (/bbl), our Oil & Gas team forecasts Brent to trade at an average of USD57.00/bbl in 2018 and USD63.00/bbl in 2019. Since 2014, a weaker rouble has helped somewhat mitigate the impact of lower oil prices on Russia's oil and gas ***producers***' profits, and we expect it will continue in the quarters ahead, in view of a modest depreciation in the unit. A relatively weak rouble will also support Russian exports' competitiveness, although the impact will remain limited to non-commodity exports, while the large majority of the country's exports remain denominated in USD dollars.Meanwhile, rouble depreciation in the coming months will also weigh on Russians' purchasing power abroad, capping the recovery in import growth. Imports accelerated by 26.0% y-o-y in Q217, compared to a contraction of 8.7% in Q216, but we do not expect much scope for further acceleration. As household incomes remain strained in the midst of an only very gradual consumer recovery, much of the uptick in demand abroad will continue to be driven by firms importing machinery and equipment, reflecting Russia's ageing capital stock and its lack of domestic production in more technologically advanced sectors. **Sanctions And Counter-Sanctions Provide LimitedImpact**Russia's dependence on Western machinery and equipment, and its weak business environment which impedes competitiveness and entrepreneurship, also support our view that the Russian government's import substitution strategy will continue to provide limited upside to the country's trade balance. The import substitution ***programme*** aims to reduce imports of foreign products by substituting them with domestic products, and was ramped up in the wake of the imposition of Western sanctions against Moscow for its military ***intervention*** in Ukraine in 2014. It includes a ban on imports of foodstuffs and ***agricultural*** products from several countries and a ***plan*** to ***produce*** up to 800 selected products domestically, amid restrictions and requirements on public procurement. Following the United States' imposition of additional sanctions for longer in June ( *see'Quick View: New US Sanctions To Delay Rapprochement For Years, July 26*) the Russian government has also stated its intention to step up the promotion of the strategy. So far, the main result has been an increase in the costs of procurement for Russian companies, and a policy supporting low value-added ***agriculture*** production which is unlikely to provide a significant uptick to the economy's growth rate.

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| Private Sector Deleveraging Nearing An End |
| Russia - External Debt By Sector, % chg y-o-y |
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| *Source: CBR, BMI* |

We also expect that the impact of Western sanctions will provide limited headwinds to Russia's ability to tap international markets for financing over the coming quarters. Sanctions keep Russian state-owned banks and corporations from raising capital on Western markets, and more broadly cap investor appetite for Russian assets. However, since it ventured back to the global bond market in 2016, after over two years, the government's Eurobond auctions have been welcomed with excess demand from foreign investors. Further to that, as of recently we have also seen an uptick in the issuance of Russian corporate Eurobonds, with local firms taking advantage of a broader investor appetite for emerging market bonds. While this suggests that private sector deleveraging is nearing an end, we project the accumulation in external debt across the sector to remain timid in the coming months. Russia's total external debt expansion stood at 1.6% y-o-y in Q217 amid a private sector debt contraction of 1.9%.

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| Limited Financing Risks |
| Russia - Net International Investment Position By Component, USDmn |
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| *Source: CBR, BMI* |

In addition to that, the country's large international reserves will remain sufficient to cover obligations over the next few years. Russia's reserves have been on an upward trend since December 2016 and stood at USD424bn in September, close to the central bank's ***strategic*** goal of reserves at the USD500bn level. International reserves remain the largest component of the country's net international investment position (NIIP) surplus, a key source of macroeconomic stability for the country. Despite an ongoing decline in capital inflows, Russia's NIIP grew by over 18% between Q117 and Q217. Across different sectors of the economy the banking sector remained a bright spot in terms of stability, with its NIIP amounting to USD70bn in Q217, up from USD59bn in the previous quarter.

**Load-Date:** October 31, 2017

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[***-Monsanto Company Delivers Solid Third Quarter as It Looks to Close Out Fiscal Year 2017 with Return to Growth***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NX0-G271-F0K1-N3N9-00000-00&context=1516831)

ENP Newswire

June 29, 2017 Thursday

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**Length:** 2418 words

**Body**

ST. LOUIS - Monsanto Company (NYSE: MON) today announced third-quarter results of $ 1.90 earnings per share (EPS) on an as reported basis and $ 1.93 on an ongoing basis, led in part by continued momentum in soybean technologies.

The company remains focused on delivering on its operational ***plan*** and key business milestones, while simultaneously working with Bayer toward completion of the pending merger by the end of the calendar year.

Results of Operations

Net sales for the fiscal year 2017 third quarter were $ 4.23 billion versus $ 4.19 billion in the prior year. Quarterly gross profit was $ 2.4 billion for the fiscal year 2017, nearly flat compared to the same period in fiscal year 2016. For the first nine months of fiscal year 2017, net sales were approximately $ 12 billion versus $ 10.9 billion in fiscal year 2016. Gross profit for the first nine months of fiscal year 2017 was $ 6.6 billion, up from $ 5.9 billion in the prior year period.

The company's selling, general and administrative costs and research-and-development expenses increased about eight percent year-over-year, primarily because of the continued increase in the accrual for incentives and the investment in the Climate business. The company remains on-track with its target of $ 380 million in savings by the end of the fiscal year across cost of goods and operating expenses, as compared to a fiscal year 2015 base.

The company's fiscal year 2017 third quarter EPS on an as-reported basis was $ 1.90 with ongoing EPS of $ 1.93. This is compared to as-reported EPS of $ 1.63 and ongoing EPS of $ 2.17 in fiscal year 2016. In the first nine months of fiscal year 2017, as-reported EPS was $ 5.06 and ongoing EPS was $ 5.32, compared to $ 3.40 as-reported and $ 4.40 ongoing in the same period of fiscal year 2016.

Cash Flow

In the first nine months of fiscal year 2017, net cash provided by operating activities was a source of approximately $ 690 million, compared to $ 415 million in the same period in fiscal year 2016. Net cash required by investing activities for the first nine months of fiscal year 2017 was $ 752 million, versus $ 639 million for the prior year. Net cash required by financing activities for the first nine months of 2017 was approximately $ 4 million, compared to net cash required of $ 2.2 billion for the same period last year. Free cash flow for third quarter year-to-date is a use of cash of $ 158 million versus the prior year use of cash of $ 251 million. This improvement reflects the increase in operating cash flows from the first three quarters, as compared to the prior year.

Fiscal Year 2017 Outlook

The company expects as-reported EPS to be at the high end of the range of $ 4.09 to $ 4.55, and confirms EPS at the high end of the range of $ 4.50 to $ 4.90 on an ongoing basis.

The Seed and Genomics segment gross profit is now expected to be up high-single digits in terms of percentage for the year. For the ***Agricultural*** Productivity segment, gross profit is still expected to be in the range of $ 850 to $ 950 million as the segment continues to deliver expected results.

Looking ahead to fourth quarter, the company expects to receive the benefit of about $ 70 million in non-core asset sale gains from ***strategic*** deals. Roughly half of these gains are expected to benefit the ***Agricultural*** Productivity segment, and half are expected to benefit the Seeds and Genomics segment. Both are expected to be recorded in other income and are part of the company's ongoing ***strategic*** portfolio management efforts.

For the full year, the company still expects these earnings to translate to the high end of the range of $ 1.2 billion to $ 1.6 billion of free cash flow, reflecting operating cash flow at the high end of the range of $ 2.4 billion to $ 2.8 billion and capital expenditures of $ 1.2 billion for fiscal year 2017.

Total operating spend in 2017, excluding the pending Bayer transaction related costs and restructuring charges, is still anticipated to increase mid-single digits, as a percent, for the year.

The Seeds and Genomics segment consists of the global seeds and related traits business, biotechnology platforms and digital ***agriculture***.

Net sales for the Seeds and Genomics segment in the first nine months of fiscal year 2017 were approximately $ 9.2 billion, with segment sales for the third quarter reaching $ 3.1 billion.

In soybeans, Monsanto has seen strong demand for the latest technologies, with growth of approximately 30 percent in global gross profit now expected for fiscal year 2017. U.S. growers have planted 20 million acres of Roundup Ready 2 Xtend soybean varieties across the country, and early season results underscore the efficacy of the company's integrated crop system. In South America, strong performance of INTACTA RR2 PROTM soybeans has led to record market adoption. The technology is delivering a more than 4 bushel per acre advantage on average over other soybean varieties, and total planted acreage in South America now exceeds 50 million acres.

Monsanto's corn platform also continues to perform well. In the U.S., the company expects genetic share gains for fiscal year 2017 and sold out of its DEKALB Disease Shield hybrids. In Europe, acres planted to corn year-over-year were relatively flat, and the company saw modest germplasm price-mix lift in local currency, along with anticipated genetic share gains. Overall, the company expects its global corn germplasm price-mix lift, in local currency, to be flat to up low-single digits, as a percent, for the full year.

Meanwhile U.S. cotton growers had the ability to use dicamba herbicides over-the-top and in-season this past quarter, in part driving the adoption of Bollgard II XtendFlex cotton to more than five million U.S. acres, well over the anticipated four million acres. Monsanto also expects genetic share gains in cotton for the third straight year.

Finally, all other crops seeds and traits gross profit declined approximately $ 239 million due primarily to the absence of the benefit from the alfalfa license in the prior year.

Climate FieldViewTM, the industry's leading platform for digital ***agriculture***, has now surpassed 35 million paid acres, exceeding the original target of 25 million paid acres for fiscal year 2017. The Climate Corporation continues to forge new partnerships to build a unified digital system where farmers can access an interconnected set of tools, services and data in a single interface. In May, the company announced the integration of imagery from innovative aerial imagery partners Ceres Imaging, TerrAvion and Agribotix, to deliver valuable, high-resolution imagery to farmers through Climate FieldView. In addition, Climate acquired Hydrobio, an ***agriculture*** software company with unique, irrigation-focused data analytics capabilities.

Webcast Information

In conjunction with this announcement, Monsanto will hold a brief conference call at 8:30 a.m. Central Time (9:30 a.m. Eastern Time) today. The call will focus on these results, future expectations and product performance. The call also will include a discussion of ***strategic*** initiatives and other matters related to the company's business, including the pending merger with Bayer.

About Monsanto Company

Monsanto is committed to bringing a broad range of solutions to help nourish our growing world. We ***produce*** seeds for fruits, vegetables and key crops - such as corn, soybeans, and cotton - that help farmers have better harvests while using water and other important resources more efficiently. We work to find sustainable solutions for soil health, help farmers use data to improve farming practices and conserve natural resources, and provide crop protection products to minimize damage from pests and disease. Through ***programs*** and partnerships, we collaborate with farmers, researchers, nonprofit organizations, universities and others to help tackle some of the world's biggest challenges. To learn more about Monsanto, our commitments and our more than 20,000 dedicated employees, please visit monsanto.com .

Cautionary Statements Regarding Forward-Looking Information

Certain statements contained in this release are 'forward-looking statements,' such as statements concerning the company's anticipated financial results, current and future product performance, regulatory approvals, business and financial ***plans*** and other non-historical facts, as well as the pending transaction with Bayer Aktiengesellschaft ('Bayer'). These statements are based on current expectations and currently available information. However, since these statements are based on factors that involve risks and uncertainties, the company's actual performance and results may differ materially from those described or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, among others: risks related to the pending transaction between the company and Bayer, including the risk that the regulatory approvals required for the transaction may not be obtained on the anticipated terms or time frame or at all, the risk that the other conditions to the completion of the transaction may not be satisfied, the risk that disruptions or uncertainties related to the pending transaction could adversely affect the company's business, financial performance and/or relationships with third parties, and the risk that certain contractual restrictions during the pendency of the transaction could adversely affect the company's ability to pursue business opportunities or ***strategic*** transactions; continued competition in seeds, traits and ***agricultural*** chemicals; the company's exposure to various contingencies, including those related to intellectual property protection, regulatory compliance and the speed with which approvals are received, and public understanding and acceptance of our biotechnology and other ***agricultural*** products; the success of the company's research and development activities; the outcomes of major lawsuits, including potential litigation related to the pending transaction with Bayer; developments related to foreign currencies and economies; fluctuations in commodity prices; compliance with regulations affecting our manufacturing; the accuracy of the company's estimates related to distribution inventory levels; the increases in levels of indebtedness, continued availability of capital and financing and rating agency actions; the company's ability to fund its short-term financing needs and to obtain payment for the products that it sells; the effect of weather conditions, natural disasters, accidents, and security breaches, including cybersecurity incidents, on the ***agriculture*** business or the company's facilities and other risks and factors detailed in the company's most recent periodic report to the SEC. Undue reliance should not be placed on these forward-looking statements, which are current only as of the date of this release. The company disclaims any current intention or obligation to update any forward-looking statements or any of the factors that may affect actual results.

1. This press release uses the non-GAAP financial measures of gross profit, operating expenses, net income (loss) attributable to Monsanto Company and diluted earnings per share (EPS), each on an ongoing basis (collectively, 'Ongoing Financial Measures'), and EBIT and free cash flow. The Ongoing Financial Measures and EBIT are intended to supplement investor's understanding of our operating performance. The free cash flow measure is intended to supplement investor's understanding of our liquidity. They are different from and not intended to replace gross profit, operating expenses, other expense, net, net income (loss) attributable to Monsanto Company, diluted EPS, cash flows, financial position or comprehensive income, and they are not measures of financial performance as determined in accordance with U.S. generally accepted accounting principles (GAAP). These non-GAAP financial measures may not be comparable to similar measures used by other companies.

Our Ongoing Financial Measures exclude certain items that we do not consider part of ongoing operations. We believe that our Ongoing Financial Measures presented with these adjustments are useful to investors as they best reflect our ongoing performance and business operations during the periods presented and are also useful to investors for comparative purposes. In addition, management uses the Ongoing Financial Measures as a guide in its budgeting and long-range ***planning*** processes, and the ongoing EPS financial measure is used as a guide in determining incentive compensation.

EBIT is defined as earnings (loss) before interest and taxes. Earnings (loss) is intended to mean net income (loss) attributable to Monsanto Company as presented in the Statements of Consolidated Operations under GAAP. EBIT is an operating performance measure for our two business segments. We believe that EBIT is useful to investors and management to demonstrate the operational profitability of our segments by excluding interest and taxes, which are generally accounted for across the entire company on a consolidated basis. EBIT is also one of the measures used by management to determine resource allocations within the company.

We define free cash flow as the total of net cash provided or required by operating activities less capital expenditures. Prior to the second quarter of fiscal year 2017, we defined free cash flow as the total of net cash provided or required by operating activities and net cash provided or required by investing activities. As this definition varies from other more common definitions of free cash flow, we determined it was appropriate to redefine free cash flow to conform to one of the more typical definitions beginning with the second quarter for fiscal year 2017. The prior period calculations of free cash flow have been restated to conform to the new presentation. Free cash flow does not represent the residual cash flow available for discretionary expenditures. We believe that free cash flow is an important liquidity measure for the company and that it is useful to investors and management as a measure of the ability of our business to generate cash. Once business needs and obligations are met, this cash can be used to reinvest in the company for future growth or to return to our shareowners through dividend payments or share repurchases.

Contact:

Tel: 314-694-1092

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** June 29, 2017

**End of Document**



[***Federal Energy Regulatory Commission Issues Letter providing Scoping Document 1 for Hiram Hydroelectric Project under P-2503.Washington: Federal Ener***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RHT-6831-JDG9-Y2TK-00000-00&context=1516831)

Impact News Service

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**Length:** 10030 words

**Body**

Washington: Federal Energy Regulatory Commission Issues the following  Letter   to ENERGY PROJECTS, OFFICE OF

FEDERAL ENERGY REGULATORY COMMISSION Washington, DC 20426 January 29, 2018 OFFICE OF ENERGY PROJECTS Project No. 2530-054 – Maine Hiram Hydroelectric Project Brookfield White Pine Hydro LLC Subject: Scoping Document 1 for Hiram Hydroelectric Project To the Party Addressed: Federal Energy Regulatory Commission (Commission) staff is currently reviewing the Pre-Application Document filed on November 30, 2017, by Brookfield White Pine Hydro LLC (White Pine Hydro) for relicensing the Hiram Hydroelectric Project No. 2530 (Hiram Project). The project is located on the Saco River in the towns of Hiram, Baldwin, Brownfield, and Denmark, within Oxford and Cumberland Counties, Maine. No federal lands are affected by the project. Pursuant to the National Environmental Policy Act (NEPA) of 1969, as amended, Commission staff intends to prepare an environmental assessment (EA), which will be used by the Commission to determine whether, and under what conditions, to issue a new license for the project. To support and assist our environmental review, we are beginning the public scoping process to ensure that all pertinent issues are identified and analyzed, and that the EA is thorough and balanced. We invite your participation in the scoping process, and are circulating the attached Scoping Document 1 (SD1) to provide you with information on the Hiram Project. We are soliciting your comments and suggestions on our preliminary list of issues and alternatives to be addressed in the EA.

We are also requesting that you identify any studies that would help provide a framework for collecting pertinent information on the resource areas under consideration necessary for the Commission to prepare the EA for the project. We will hold two scoping meetings for the Hiram Project to receive input on the scope of the EA. The daytime meeting, focused on resource agencies’, tribes’, and non-governmental organizations’ (NGO) concerns, will begin at the time and location listed 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 2 - below. The evening meeting, also listed below, is primarily for the public, but the public, agencies, Indian tribes and NGOs may attend either the daytime or evening scoping meetings. We invite all interested agencies, Indian tribes, non-governmental organizations, and individuals to attend one or both of these meetings. An environmental site review will be held on March 1, 2018, at 2:00 p.m Further information on our environmental site review and scoping meetings is available in the enclosed SD1. Scoping Meeting Date Time Location Wednesday, February 28, 2018 6:30 p.m to 9:30 p.m West Baldwin, ME Thursday, March 1, 2018 9 a.m to 12 noon Lewiston, ME SD1 is being distributed to both White Pine Hydro’s distribution list and the Commission’s official mailing list for the project (see section 10.0 of the attached SD1). If you wish to be added to, or removed from, the Commission’s official mailing list, please send your request by email to [*FERCOnlineSupport@ferc.gov*](mailto:FERCOnlineSupport@ferc.gov), or by mail to: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E , Room 1A, Washington, DC 20426. All written or emailed requests must specify your wish to be removed from, or added to, the mailing list, and must clearly identify the following on the first page: Hiram Hydroelectric Project No. 2530-054. Please review the SD1 and, if you wish to provide comments, follow the instructions in section 6.0, Request for Information and Studies. If you have any questions about SD1, the scoping process, or how Commission staff will develop the EA for this project, please contact Allan Creamer at (202) 502-8365, or [*Allan.Creamer@ferc.gov*](mailto:Allan.Creamer@ferc.gov) Additional information about the Commission’s licensing process and the Hiram Project may be obtained from our website, [*www.ferc.gov*](http://www.ferc.gov) The deadline for filing comments is March 30, 2018. The Commission strongly encourages electronic filings. Enclosure: Scoping Document 1 20180129-3019 FERC PDF (Unofficial) 01/29/2018 SCOPING DOCUMENT 1 HIRAM HYDROELECTRIC PROJECT PROJECT NO. 2530-054 MAINE Federal Energy Regulatory Commission Office of Energy Projects Division of Hydropower Licensing Washington, DC January 2018 20180129-3019 FERC PDF (Unofficial) 01/29/2018 -ii- TABLE OF CONTENTS 1.0 INTRODUCTION................................................................................................. - 1 - 2.0 SCOPING............................................................................................................... - 3 - 2.1 PURPOSES OF SCOPING.......................................................................... - 3 - 2.2 COMMENTS, SCOPING MEETINGS, AND ENVIRONMENTAL SITE REVIEW.............................................................................................. - 4 - 3.0 PROPOSED ACTION AND ALTERNATIVES................................................ - 6 - 3.1 NO-ACTION ALTERNATIVE ................................................................... - 6 - 3.1.1 Existing Project Facilities and Operation........................................ - 6 - 3.2 APPLICANT’S PROPOSAL....................................................................... - 9 - 3.2.1 Proposed Project Facilities and Operations .................................... - 9 - 3.2.2 Proposed Environmental Measures ................................................. - 9 - 3.3 DAM SAFETY............................................................................................. - 11 - 3.4 ALTERNATIVES TO THE PROPOSED ACTION............................... - 11 - 3.5 ALTERNATIVES CONSIDERED BUT ELIMINATED FROM DETAILED STUDY................................................................................... - 11 - 3.5.1 Federal Government Takeover....................................................... - 12 - 3.5.2 Non-power License........................................................................... - 12 - 3.5.3 Project Decommissioning ................................................................ - 12 - 4.0 SCOPE OF CUMULATIVE EFFECTS AND SITE-SPECIFIC RESOURCE ISSUES .......................................................................................... - 13 - 4.1 CUMULATIVE EFFECTS........................................................................ - 13 - 4.1.1 Resources that could be Cumulatively Affected ........................... - 13 - 4.1.2 Geographic Scope............................................................................. - 13 - 4.1.3 Temporal Scope................................................................................ - 14 - 4.2 RESOURCE ISSUES.................................................................................. - 14 - 4.2.1 Geologic and Soils Resources.......................................................... - 14 - 4.2.2 Aquatic Resources............................................................................ - 14 - 4.2.3 Terrestrial Resources....................................................................... - 15 - 4.2.4 Threatened and Endangered Species ............................................. - 15 - 4.2.6 Cultural Resources........................................................................... - 15 - 6.0 REQUEST FOR INFORMATION AND STUDIES........................................ - 17 - 7.0 EA PREPARATION SCHEDULE .................................................................... - 19 - 9.0 COMPREHENSIVE ***PLANS*** .............................................................................. - 22 - 10.0 MAILING LIST.................................................................................................. - 24 - APPENDIX A — STUDY ***PLAN*** CRITERIA APPENDIX B — PROCESS ***PLAN*** AND SCHEDULE 20180129-3019 FERC PDF (Unofficial) 01/29/2018 -iii- LIST OF FIGURES Figure 1. Saco River Basin showing the location of the Hiram Project........................ - 2 - Figure 2. Hiram Project Site ***Plan***.................................................................................. - 8 - LIST OF TABLES Table 1. White Pine Hydro’s initial study proposals for the Hiram Project ............... - 16 - 20180129-3019 FERC PDF (Unofficial) 01/29/2018 SCOPING DOCUMENT 1 Hiram Hydroelectric Project No. 2530-054 1.0 INTRODUCTION The Federal Energy Regulatory Commission (Commission or FERC), under the authority of the Federal Power Act (FPA),1 may issue licenses for terms ranging from 30 to 50 years for the construction, operation, and maintenance of non-federal hydroelectric projects. On November 30, 2018, Brookfield White Pine Hydro LLC (White Pine Hydro), licensee for the existing Hiram Hydroelectric Project No. 2530 (Hiram Project),2 filed a Pre-Application Document (PAD) and Notice of Intent to file an application for new license with the Commission. White Pine Hydro intends to prepare its license application using the Commission’s Integrated Licensing Process. The Hiram Project is located 46 river miles upstream from where the mouth of the Saco River meets the Atlantic Ocean at Camp Ellis, Maine (figure 1).3 The project is located in the towns of Hiram, Baldwin, Brownfield, and Denmark, within Oxford and Cumberland Counties, Maine, and is about 39.2 miles downstream from Saco River Hydro LLC’s, Swans Fall Project No. 2529 (the upper-most project on the Saco River), and about 20 miles upstream of White Pine Hydro’s, Bonny Eagle Project No. 2529. The Hiram Project facilities consist of an impoundment, a dam, an intake that is integral to the dam, and a powerhouse that contains two turbine generating units, with a combined authorized capacity of 10.5 megawatts (MW). The project is operated in accordance with the 1997 Saco River Instream Flow Agreement (1997 Flow Agreement), and the 1994 Saco River Fish passage Agreement, which was amended in 2007 with the Saco River Fisheries Assessment Agreement (herein referred to as the 2007 Fisheries Agreement). The 1997 Flow Agreement and the 2007 Fisheries Agreement expire on January 31, 2038. A detailed description of the project and its operation is provided in section 3.0 At this time, White Pine Hydro proposes no changes to the project’s operation or facilities. 1 16 U.S.C § 791(a)-825(r). 2 The current license for the Hiram Project was issued with an effective date of December 1, 1982, for a term of 40 years, and expires on November 30, 2022. 3 The project is 41.6 river miles upstream from head-of-tide at White Pine Hydro’s Cataract Project No. 2528). 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 2 - Figure 1. Saco River Basin showing the location of the Hiram Project (Source: White Pine Hydro; Hiram PAD). 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 3 - The National Environmental Policy Act (NEPA) of 1969,4 the Commission’s regulations, and other applicable laws require that we independently evaluate the environmental effects of relicensing the Hiram Project as proposed, and also consider reasonable alternatives to the licensee’s proposed action. We intend to prepare an environmental assessment (EA) that describes and evaluates the probable effects, including an assessment of the site-specific and cumulative effects, if any, of the licensee’s proposed action and alternatives. Preparation of the EA will be supported by this scoping process to ensure identification and analysis of all pertinent issues. 2.0 SCOPING This Scoping Document 1 (SD1) is intended to advise all participants as to the proposed scope of the EA and to seek additional information pertinent to this analysis. This document contains: (1) a description of the scoping process and schedule for the development of the EA; (2) a description of the proposed action and alternatives; (3) a preliminary identification of environmental issues and proposed studies; (4) a request for comments and information; (5) a proposed outline for the EA; and (6) a preliminary list of comprehensive ***plans*** that are applicable to the project. 2.1 Purposes of Scoping Scoping is the process used to identify issues, concerns, and opportunities for enhancement or mitigation associated with a proposed action. In general, scoping should be conducted early in the ***planning*** stage of the project. The purposes of the scoping process are as follows: • invite the participation of federal, state and local resource agencies, Indian tribes, non-governmental organizations (NGOs), and the public to identify significant environmental and socioeconomic issues related to the proposed project; • determine the resource issues, depth of analysis, and significance of issues to be addressed in the EA; • identify how the project would or would not contribute to cumulative effects; • identify reasonable alternatives to the proposed action that should be evaluated in the EA; 4 National Environmental Policy Act of 1969, 42 U.S.C §§ 4321-4370(f) (2012). 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 4 - • solicit, from participants, available information on the resources at issue, including existing information and study needs; and • determine the resource areas and potential issues that do not require detailed analysis during review of the project. 2.2 Comments, Scoping Meetings, and Environmental Site Review During preparation of the EA, there will be several opportunities for the resource agencies, Indian tribes, NGOs, and the public to provide input. These opportunities occur: • during the public scoping process and study ***plan*** meetings, when we solicit oral and written comments regarding the scope of issues and analysis for the EA; • in response to the Commission’s notice that the project is ready for environmental analysis; and • after issuance of the EA. In addition to written comments solicited by this SD1, we will hold two public scoping meetings and an environmental site review in the vicinity of the project. The daytime meeting will focus on concerns of the resource agencies, Indian tribes, and NGOs, and the evening meeting will focus on receiving input from the public. We invite all interested agencies, Indian tribes, NGOs, and individuals to attend one or both of the meetings to assist us in identifying the scope of environmental issues that should be analyzed in the EA. All interested parties are also invited to participate in the environmental site review. The times and locations of the meetings and site review are as follows: Evening Scoping Meeting Date and Time: Wednesday, February 28, 2018, 6:30 p.m (EST) Location: Baldwin Community Center, Conference Room 534 Pequawket Trail, ME 113, West Baldwin, ME 04091 Phone Number: Danielle Taylor at (207) 625-9107 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 5 - Daytime Scoping Meeting Date and Time: Thursday, March 1, 2018, 9:00 a.m (EST) Location: Brookfield Renewable Offices, Moosehead Room 150 Main Street, Lewiston, ME 04240 Phone Number: Frank Dunlap at (207) 755-5603 Environmental Site Review Date and Time: Thursday, March 1, 2018, 2:00 p.m (EST) Location: White Pine Hydro – Hiram Dam 45 Hiram Dam Road, Baldwin, ME 04091 Phone Number: Frank Dunlap at (207) 755-5603 Participants must notify Frank Dunlap at (207) 755-5603, or [*Frank.Dunlap@BrookfieldRenewable.com*](mailto:Frank.Dunlap@BrookfieldRenewable.com), on or before February 20, 2018, if they ***plan*** to attend the environmental site review. The scoping meetings will be recorded by a court reporter, and all statements (verbal and written) will become part of the Commission’s public record for the project. Before each meeting, all individuals who attend, especially those who intend to make statements, will be asked to sign in and clearly identify themselves for the record. Interested parties who choose not to speak or who are unable to attend the scoping meetings may provide written comments and information to the Commission as described in section 6.0 These meetings are posted on the Commission’s calendar located on the internet at   [*www.ferc.gov/EventCalendar/EventsList.aspx*](http://www.ferc.gov/EventCalendar/EventsList.aspx), along with other related information. Meeting participants should come prepared to discuss their issues and/or concerns as they pertain to the relicensing of the Hiram Project. It is advised that participants review the PAD in preparation for the scoping meetings. Copies of the PAD are available for review at the Commission in the Public Reference Room, or may be viewed on the Commission’s website (   [*www.ferc.gov*](http://www.ferc.gov)), using the “eLibrary” link. Enter the docket number, P-2530, to access the documents. For assistance, contact FERC Online Support at [*FERCONlineSupport@ferc.gov*](mailto:FERCOnlineSupport@ferc.gov), or toll free at 1-866-208-3676, or for TTY, (202) 502-8659. A copy of the PAD can be inspected and reproduced during regular business hours at the following address: Brookfield White Pine Hydro LLC, 150 Main Street, Lewiston, Maine 04240. Following the scoping meetings and comment period, all issues raised will be reviewed and decisions made as to the level of analysis needed. If preliminary analysis 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 6 - indicates that any issues presented in this scoping document have little potential for causing significant effects, the issue(s) will be identified and the reasons for not providing a more detailed analysis will be given in the EA. If we receive no substantive comments on SD1, then we will not prepare a Scoping Document 2 (SD2). Otherwise, we will issue SD2 to address any substantive comments received. The SD2 will be issued for informational purposes only; no response will be required. The EA will address recommendations and input received during the scoping process. 3.0 PROPOSED ACTION AND ALTERNATIVES In accordance with NEPA, the environmental analysis will consider the following alternatives, at a minimum: (1) the no-action alternative; (2) the applicant's proposed action; and (3) alternatives to the proposed action. 3.1 No-action Alternative Under the no-action alternative, the Hiram Project would continue to operate as required by the current project license (i.e , there would be no change to the existing environment). No new environmental protection, mitigation, or enhancement measures would be implemented. We use this alternative to establish baseline environmental conditions for comparison with other alternatives. 3.1.1 Existing Project Facilities and Operation Project Facilities As briefly described below and shown in figure 2, the Hiram Project facilities consists of a 255-acre, 7.5-mile-long impoundment at normal full pond elevation 349.0 feet (U.S Geological Survey [USGS] datum), a dam located at the top of Great Falls, an intake that is integral to the dam, a penstock, a bypassed reach (Great Falls), a powerhouse, and appurtenant facilities. The project has the seasonal ability to cycle5 its pond by 2 feet on a daily basis, inflow permitting. 5 “Cycling,” as used here, is the changing of power output of a conventional generating unit(s) by means of starting and shutting down the unit(s), resulting in the drawdown of the headpond by up to 2 feet. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 7 - Hiram Dam is 448 feet long, including the integral intake section. The dam consists of: (1) a 258-foot-long, two-section concrete spillway, with a crest elevation of 343.62 feet (an inflatable dam raises the crest elevation to 349.25 feet); (2) four gated sluiceways with gates having a total length of 64 feet;6 (3) a 29-foot-long non-operational intake structure; (4) a 9-foot-long concrete abutment; (5) an 88-foot-long operational intake structure, protected by trashracks having a clear bar spacing of 3 inches; and (6) a 30-foot-long concrete bulkhead. There is an inflatable dam installed that completely crosses the crests of both sections of the spillway. Water from the intake flows through a 320-foot-long, 15.5-foot-diameter penstock that separates to one 170-foot-long by 10-foot-wide penstock (to Unit 1), and one 80-foot-long by 15.5-foot-diameter (to Unit 2). A 133.42-foot by 50-foot project powerhouse contains two turbine-generator units; a vertical Kaplan unit (Unit 1) having a capacity of 2.4 MW, and a vertical Francis unit (Unit 2) having a capacity of 8.1 MW. The total authorized installed capacity is 10.5 MW. Water is discharged from the powerhouse into a tailrace. The tailrace is located at the bottom of Great Falls, a naturally-occurring set of cascading falls that extends horizontally 82 feet from the base of Hiram Dam and dropping vertically about 55 feet. The normal tailwater elevation is 272.4 feet. The project’s transmission facilities include: (1) generator leads; (2) a substation located adjacent to, and north of, the powerhouse; and (3) a transmission circuit connecting the substation to a non-project switching station. 6 The four sluiceways are, from west to east (left to right on figure 2): (1) a deep sluice that has a 10-foot wide by 8.5-foot-high gate; (2) a log sluice that has a 10-foot-wide by 7.5-foot-high gate; (3) a trash sluice that has a 6.75-foot-wide by 5.2-foot-high gate; and (4) a sluice with a gate measuring 22 feet wide by 11 feet high. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 8 - Figure 2. Hiram Project Site ***Plan*** (Source: White Pine Hydro; Hiram PAD). Project Operation White Pine Hydro operates the project in accordance with provisions of the 1997 Flow Agreement, which was incorporated into the project license in 1998, and is a provision of the current water quality certification. The 1997 Flow agreement stipulates that White Pine Hydro: 1. operate the project in a run-of-river mode from October 1 through November 15, with pond drawdowns limited to 1 foot or less from the full pond elevation of 349.0 feet (USGS datum), or from the spillway crest (343.62 feet USGS datum) when the rubber dam is down. 2. provide a minimum flow of 300 cubic feet per second (cfs), of inflow, whichever is less, from November 16 through September 30, with pond drawdowns limited to 2 feet or less from the full pond elevation during normal project operation, or from the spillway crest when the rubber dam is down; and The minimum flow of 300 cfs is typically conveyed through the powerhouse turbines, but may also be spilled from the automated log sluice gate when the turbine 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 9 - units are not operated. The project has a maximum hydraulic capacity of 2,210 cfs through the two turbine/generator units, which is exceeded about 28 percent of the time. Flows exceeding the hydraulic capacity are first passed through the automated log sluice gate, followed by the remaining 3 gates which are operated on site. Once flows exceed the capacity of the gates (about 4,681 cfs) procedures are implemented to deflate the rubber dam(s). The project generates an annual average of 45,142 megawatt-hours. Recreation Facilities White Pine Hydro maintains three existing project recreation facilities, including: (1) a canoe portage trail, with take-out and put-in access areas, including a parking area at the take-out area, adjacent to the project impoundment; (2) an angler access trail along the west bank of the Saco River downstream from Hiram Dam; and (3) a roadside scenic overlook off River Road.7 3.2 Applicant’s Proposal 3.2.1 Proposed Project Facilities and Operations White Pine Hydro proposes to continue to operate and maintain the project in accordance with the provisions of the 1997 Flow Agreement and the 2007 Fisheries Agreement. White Pine Hydro does not propose to construct any new project facilities, or to modify any existing project facilities at this time. 3.2.2 Proposed Environmental Measures White Pine Hydro proposes to continue operating the project with the protection, mitigation, and enhancement (PM&E) measures described in this section. The potential need for additional PM&E measures will be evaluated during the relicensing process. 7 Section 5.8.3 of the PAD lists three existing project recreation facilities. However, four recreation facilities are described in section 5.8.4 of the PAD, including an access point on the east side of the impoundment. The capacity utilization for this access point is listed at 40 percent, according to the 2015 Form 80. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 10 - Geological and Soils Resources • White Pine Hydro proposes no PM&E measures related to geology and soils at this time. Aquatic Resources (water quality and fish) • Continue to operate the project in accordance with the 1997 Flow Agreement, which provides for: (1) run-of-river operation from October 1 through November 15, with pond fluctuations of 1 foot of less; and (2) a minimum flow of 300 cfs, or inflow, whichever is less, from November 16 through September 30, with an impoundment drawdown limited to 2 feet or less. • Continue to implement the provisions of the 2007 Fisheries Agreement, which provides for: (1) upstream passage for Atlantic salmon at the Hiram Project by 2025; (2) downstream passage for Atlantic salmon;8 (3) upstream passage for American eel by 2020; and (4) downstream passage for American eel by 2032. Terrestrial Resources • White Pine Hydro proposes no PM&E measures related to terrestrial resources at this time. Threatened and Endangered Species • White Pine Hydro proposes no PM&E measures related to threatened and endangered species at this time. 8 The 2007 Fisheries Agreement provides that permanent downstream fish passage measures for Atlantic salmon be operational the earlier of (a) April 15 following 2 years after White Pine Hydro receives written notification of the commencement of scheduled annual stocking of juvenile salmon in the Saco River watershed upstream of Hiram Dam (but in no case earlier than April 15, 2017), or (b) the operation of permanent upstream fish passage facilities for Atlantic salmon at the Hiram Project. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 11 - Recreation and Land Use • Continue to provide public access and use of project lands and waters, as appropriate and consistent with project purposes. • Continue to provide for, and maintain, the project’s canoe portage trail and associated put-in and take-out access areas, the angler access trail along the west bank of the Saco River, and the scenic overlook.9 Cultural Resources • White Pine Hydro proposes no PM&E measures related to cultural resources at this time. 3.3 Dam Safety It is important to note that dam safety constraints may exist and should be taken into consideration in the development of proposals and alternatives considered in the pending proceeding. For example, proposed modifications to the dam structure, such as the addition of flashboards or fish passage facilities, could impact the integrity of the dam structure. As the proposal and alternatives are developed, the applicant must evaluate the effects and ensure that the project would meet the Commission’s dam safety criteria found in Part 12 of the Commission’s regulations and the Engineering Guidelines (   [*http://www.ferc.gov/industries/hydropower/safety/guidelines/eng-guide.asp*](http://www.ferc.gov/industries/hydropower/safety/guidelines/eng-guide.asp)). 3.4 Alternatives to the Proposed Action Commission staff will consider and assess alternative recommendations for operational or facility modifications, as well as PM&E measures identified by the Commission, the agencies, Indian tribes, NGOs, and the public. 3.5 Alternatives Considered But Eliminated From Detailed Study At present, we propose to eliminate the following alternatives from detailed study in the EA. 9 While not explicitly stated in the PAD, we assume White Pine Hydro proposes to continue to operate and maintain the three existing project recreation facilities. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 12 - 3.5.1 Federal Government Takeover In accordance with § 16.14 of the Commission’s regulations, a federal department or agency may file a recommendation that the United States exercise its right to take over a hydroelectric power project with a license that is subject to sections 14 and 15 of the FPA.10 We do not consider federal takeover to be a reasonable alternative. Federal takeover of the project would require congressional approval. While that fact alone would not preclude further consideration of this alternative, there is currently no evidence showing that federal takeover should be recommended to Congress. No party has suggested that federal takeover would be appropriate, and no federal agency has expressed interest in operating the project. 3.5.2 Non-power License A non-power license is a temporary license the Commission would terminate whenever it determines that another governmental agency is authorized and willing to assume regulatory authority and supervision over the lands and facilities covered by the non-power license. At this time, no governmental agency has suggested a willingness or ability to take over the project. No party has sought a non-power license, and we have no basis for concluding that the project should no longer be used to ***produce*** power. Thus, we do not consider a non-power license a reasonable alternative to relicensing the project. 3.5.3 Project Decommissioning Decommissioning of the project could be accomplished with or without dam removal. Either alternative would require denying the relicense application and surrender or termination of the existing license with appropriate conditions. There would be significant costs involved with decommissioning the project and/or removing any project facilities. The project provides a viable, safe, and clean renewable source of power to the region. With decommissioning, the project would no longer be authorized to generate power. No party has suggested project decommissioning would be appropriate in this case, and we have no basis for recommending it. Thus, we do not consider project decommissioning a reasonable alternative to relicensing the project with appropriate environmental measures. 10 16 U.S.C §§ 791(a)-825(r) (2012). 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 13 - 4.0 SCOPE OF CUMULATIVE EFFECTS AND SITE-SPECIFIC RESOURCE ISSUES 4.1 Cumulative Effects According to the Council on Environmental Quality's regulations for implementing NEPA (40 C.F.R 1508.7), a cumulative effect is the effect on the environment that results from the incremental effect of the action when added to other past, present and reasonably foreseeable future actions, regardless of what agency (federal or non-federal) or person undertakes such other actions. Cumulative effects can result from individually minor but collectively significant actions taking place over a period of time, including hydropower and other land and water development activities. 4.1.1 Resources that could be Cumulatively Affected Based on information in the PAD for the Hiram Project, and preliminary staff analysis, we have identified migratory fish (i.e , Atlantic salmon and American eel) as resources that could be cumulatively affected by the continued operation and maintenance of the Hiram Project, in combination with other hydroelectric projects and activities in the Saco River Basin.11 4.1.2 Geographic Scope At this time, we have tentatively identified the Saco River Basin as our geographic scope of analysis for cumulatively affected migratory fisheries resources. Activities within this basin that may cumulatively affect Atlantic salmon and American eel include the construction and operation of dams within the river basin, which have resulted in migratory barriers and loss of spawning habitat. 11 Page 5-27 of the PAD indicates that Atlantic salmon and the American eel are known to have occurred upstream of Hiram (Great) Falls (site of the Hiram Project) historically. American eel currently use habitat in the Saco River downstream from the project, and adult Atlantic salmon are trucked to sites on the Ossippi River, which is located downstream from Hiram Dam. Because the 2007 Fish Agreement provides for fish passage at the Bar Mills, West Buxton, and Bonny Eagle Projects in the near future, it is reasonably foreseeable that Atlantic salmon and American eel will occupy project waters during any new license term. Therefore, our EA will include a cumulative effects analysis of these species. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 14 - 4.1.3 Temporal Scope The temporal scope of our cumulative effects analy

sis in the EA will include a discussion of past, present, and reasonably foreseeable future actions and their effects on each resource that could be cumulatively affected. Based on the potential term of a new license, the temporal scope will look 30 to 50 years into the future, concentrating on the effect on the resources from reasonably foreseeable future actions. The historical discussion will, by necessity, be limited to the amount of available information for each resource. The quality and quantity of information, however, diminishes as we analyze resources further away in time from the present. 4.2 Resource Issues In this section, we present a preliminary list of environmental issues to be addressed in the EA. We identified these issues, which are listed by resource area, by reviewing the PAD and the Commission’s record for the Hiram Project. This list is not intended to be exhaustive or final, but contains the issues raised to date. After the scoping process is complete, we will review the list and determine the appropriate level of analysis needed to address each issue in the EA. Those issues identified by an asterisk (\*) will be analyzed for both cumulative and site-specific effects. 4.2.1 Geologic and Soils Resources • None. 4.2.2 Aquatic Resources • Effects of continued project operation on dissolved oxygen and temperature in the project reservoir, and in the Saco River downstream from Hiram Dam. • Effects of continued project operation on upstream and downstream fish movements and access to habitat.\* 12 • Effects of continued project operation on fish and aquatic habitat in the project impoundment, and in the Saco River downstream from Hiram Dam. 12 Page 6-6 of the PAD indicates that upstream passage of Atlantic salmon and American eel at the Hiram Project is an issue addressed by the 2007 Fisheries Agreement, the provisions of which have been incorporated into the existing license. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 15 - 4.2.3 Terrestrial Resources • Effects of continued project operation, including reservoir fluctuations, on riparian, littoral, and wetland habitat and associated wildlife. 4.2.4 Threatened and Endangered Species • Effects of project operation and maintenance on wildlife and plant species listed as threatened or endangered under the Endangered Species Act (ESA) (i.e , northern long-eared bat and small whorled pogonia). 4.2.5 Recreation and Land Use • Adequacy of existing recreation facilities and public access to meet current and future recreational demand. • Effects of continued project operation on recreation opportunities and public access. 4.2.6 Cultural Resources • Effects of continued project operation and maintenance on historic properties and archaeological and/or tribal resources within the project’s Area of Potential Effect, including those listed, or that may be eligible for inclusion, in the National Register of Historic Places. 4.2.7 Developmental Resources • Economics of the project and the effects of any recommended environmental measures on the project’s economics. 5.0 PROPOSED STUDIES Initial study proposals from White Pine Hydro are identified by resource area, below in table 1, and in the PAD. Further studies may need to be added to this list based on comments provided to the Commission and White Pine Hydro from agencies, Indian tribes, and interested parties during the study ***planning*** process. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 16 - Table 1. White Pine Hydro’s initial study proposals for the Hiram Project. (Source: White Pine Hydro; Hiram PAD) Resource Area and Issue White Pine Hydro’s Proposed Study Aquatic Resources Water Quality (trophic state) Conduct a trophic state study13 of the project impoundment to confirm that the project impoundment and tailwater meet Maine water quality standards. Water Quality (dissolved oxygen and water temperature) Conduct a Tailwater Temperature and Dissolved Oxygen Study to confirm compliance with Maine’s Class A water quality standards. Water Quality (Benthic Invertebrates) Conduct a Benthic Macroinvertebrate Study downstream from the project powerhouse to confirm compliance with Maine’s Class A water quality standards Impoundment Aquatic Habitat Conduct an Impoundment Habitat Study to determine if the project impoundment attains the designated use of “habitat for fish and other aquatic life.” Tailwater Aquatic Habitat Conduct a Tailwater Habitat Study to determine if the project tailwater attains the designated use of “habitat for fish and other aquatic life.” Terrestrial Resources Riparian, wetland, and littoral habitats (including rare, threatened, and endangered (RT&E) species) Conduct reconnaissance level surveys to document the botanical resources in the project area, and to search for RT&E species. 13 Parameters sampled would include Secchi disk transparency, water temperature and dissolved oxygen profiles, Chlorophyll a, color, pH, total phosphorus, and total alkalinity. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 17 - Resource Area and Issue White Pine Hydro’s Proposed Study Wildlife and unique habitats (including RT&E species) Conduct reconnaissance level surveys to document wildlife in project area, and to search for RT&E species and unique habitat. Recreation and Land Use Recreation Use Assessment Conduct a field investigation to inventory existing recreational sites, and identify the facilities and evaluate each site’s condition. Cultural Resources Archaeological and Historic Structures surveys Consult with the Maine Historic Preservation Office regarding potential archaeological and historic structures surveys. 6.0 REQUEST FOR INFORMATION AND STUDIES We are asking federal, state, and local resource agencies; Indian tribes; NGOs; and the public to forward to the Commission any information that will assist us in conducting an accurate and thorough analysis of the project-specific and cumulative effects associated with relicensing the Hiram Project. The types of information requested include, but are not limited to: • information, quantitative data, or professional opinions that may help define the geographic and temporal scope of the analysis (both site-specific and cumulative effects), and that help identify significant environmental issues; • identification of, and information from, any other EA, EIS, or similar environmental study (previous, on-going, or ***planned***) relevant to the proposed relicensing of the Hiram Project; • existing information and any data that would help to describe the past and present actions and effects of the project and other developmental activities on environmental and socioeconomic resources; • information that would help characterize the existing environmental conditions and habitats; 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 18 - • the identification of any federal, state, or local resource ***plans***, and any future project proposals in the affected resource area (e.g , proposals to construct or operate water treatment facilities, recreation areas, water diversions, timber harvest activities, or fish management ***programs***), along with any implementation schedules); • documentation that the proposed project would or would not contribute to cumulative adverse or beneficial effects on any resources. Documentation can include, but need not be limited to, how the project would interact with other projects in the area and other developmental activities; study results; resource management policies; and reports from federal and state agencies, local agencies, Indian tribes, NGOs, and the public; • documentation showing why any resources should be excluded from further study or consideration; and • study requests by federal and state agencies, local agencies, Indian tribes, NGOs, and the public that would help provide a framework for collecting pertinent information on the resource areas under consideration necessary for the Commission to prepare the EA for the project. All requests for studies filed with the Commission must meet the criteria found in Appendix A, Study ***Plan*** Criteria. The requested information, comments, and study requests should be filed with the Commission no later than March 30, 2018. All filings must clearly identify the following on the first page: Hiram Project No. 2530-054. Scoping comments may be filed electronically via the Internet. See 18 C.F.R 385.2001(a)(1)(iii) and the instructions on the Commission’s website, [*http://www.ferc.gov/docs-filing/efiling.asp*](http://www.ferc.gov/docs-filing/efiling.asp) Commenters can submit brief comments up to 6,000 characters, without prior registration, using the eComment system at   [*http://www.ferc.gov/docs-filing/ecomment.asp*](http://www.ferc.gov/docs-filing/ecomment.asp) You must include your name and contact information at the end of your comments. For assistance, please contact FERC Online Support at [*FERCOnlineSupport@ferc.gov*](mailto:FERCOnlineSupport@ferc.gov), or toll free at 1-866-208-3676, or for TTY, (202) 502-8659. Although the Commission strongly encourages electronic filing, documents may also be paper-filed. To paper-file, please send a paper copy to: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street, NE, Washington, D.C 20426. Register online at   [*https://www.ferc.gov/docs-filing/esubscription.asp*](https://www.ferc.gov/docs-filing/esubscription.asp) to be notified via email of new filings and issuances related to this or other pending projects. For assistance, please contact FERC Online Support at [*FERCOnlineSupport@ferc.gov*](mailto:FERCOnlineSupport@ferc.gov) [*fercoNLINEsUKPPORT@FERC.GOV*](mailto:fercoNLINEsUKPPORT@FERC.GOV) 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 19 - Any questions concerning the scoping meetings, site visit, or how to file written comments with the Commission should be directed to Allan Creamer at (202) 502-8365, or [*Allan.Creamer@ferc.gov*](mailto:Allan.Creamer@ferc.gov) Additional information about the Commission’s licensing process and the Hiram Project may be obtained from the Commission’s website,   [*www.ferc.gov*](http://www.ferc.gov) 7.0 EA PREPARATION SCHEDULE At this time, we anticipate preparing a single EA. The EA will be sent to all persons and entities on the Commission’s service and mailing lists for the project. The EA will include our recommendations for operating procedures, as well as PM&E measures that should be part of any license issued by the Commission. All recipients will then have 30 days to review the EA and file written comments with the Commission. The major milestones, including those for preparing the EA, are as follows:14 Major Milestone Target Date Scoping Meetings February 2018 License Application Filed November 2020 Ready for Environmental Analysis Notice Issued January 2021 Deadline for Filing Comments, Recommendations, and Agency Terms and Conditions/Prescriptions March 2021 Single EA Issued September 2021 Comments on EA Due October 2021 Deadline for Filing Modified Agency Recommendations December 2021 If Commission staff determines that there is a need for additional information or additional studies, the issuance of the Ready for Environmental Analysis notice could be delayed. If this occurs, all subsequent milestones would be delayed by the time allowed for the licensee to respond to the Commission’s request. A copy of the process ***plan***, which has a complete list of relicensing milestones for the Hiram Project, is attached as Appendix B to this SD1. 14 This schedule assumes that a single EA would be prepared. If a draft and final EA or EIS is prepared the target dates for comments on the draft EA or EIS and deadline for filing modified agency recommendations may need to be revised. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 20 - 8.0 PROPOSED EA OUTLINE The preliminary outline for the Hiram Project EA is as follows: TABLE OF CONTENTS LIST OF FIGURES LIST OF TABLES ACRONYMS AND ABBREVIATIONS 1.0 INTRODUCTION 1.1 Application 1.2 Purpose of Action and Need for Power 1.3 Statutory and Regulatory Requirements 1.3.1 Federal Power Act 1.3.1.1 Section 18 Fishway Prescriptions 1.3.1.2 Section 10(j) Recommendations 1.3.2 Clean Water Act 1.3.3 Endangered Species Act 1.3.4 Coastal Zone Management Act 1.3.5 National Historic Preservation Act 1.4 Public Review and Comment 1.4.1 Scoping 1.4.2 ***Interventions*** 1.4.3 Comments on the Application 2.0 PROPOSED ACTION AND ALTERNATIVES 2.1 No-action Alternative 2.1.1 Existing Project Facilities 2.1.2 Existing Project Operation 2.1.3 Project Safety 2.1.4 Existing Environmental Measures 2.2 Applicant’s Proposal 2.2.1 Proposed Project Facilities 2.2.2 Proposed Project Operation 2.2.3 Proposed Environmental Measures 2.2.4 Modifications to Applicant’s Proposal—Mandatory Conditions 2.3 Staff Alternative 2.4 Staff Alternative with Mandatory Conditions 2.5 Other Alternatives (as appropriate) 2.6 Alternatives Considered but Eliminated from Detailed Study 2.6.1 Federal Government Takeover of the Project 2.6.2 Issuing a Non-Power License 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 21 - 2.6.3 Retiring the Project 3.0 ENVIRONMENTAL ANALYSIS 3.1 General Description of the River Basin 3.2 Scope of Cumulative Effects Analysis 3.2.1 Geographic Scope 3.2.2 Temporal Scope 3.3 Proposed Action and Action Alternatives 3.3.1 Aquatic Resources 3.3.2 Terrestrial Resources 3.3.3 Threatened and Endangered Species 3.3.4 Recreation and Land Use 3.3.5 Cultural Resources 3.3.6 Developmental Resources 3.4 No-action Alternative 4.0 DEVELOPMENTAL ANALYSIS 4.1 Power and Economic Benefits of the Project 4.2 Comparison of Alternatives 4.3 Cost of Environmental Measures 4.4 Air Quality (as needed) 5.0 CONCLUSIONS AND RECOMMENDATIONS 5.1 Comprehensive Development and Recommended Alternative 5.2 Unavoidable Adverse Effects 5.3 Recommendations of Fish and Wildlife Agencies 5.4 Consistency with Comprehensive ***Plans*** 6.0 FINDING OF NO SIGNIFICANT IMPACT (OR OF SIGNIFICANT IMPACT) 7.0 LITERATURE CITED 8.0 LIST OF PREPARERS APPENDICES A—Draft License Conditions Recommended by Staff 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 22 - 9.0 COMPREHENSIVE ***PLANS*** Section 10(a)(2) of the FPA, 16 U.S.C section 803(a)(2)(A), requires the Commission to consider the extent to which a project is consistent with federal and state comprehensive ***plans*** for improving, developing, or conserving a waterway or waterways affected by a project. The staff has initially identified the ***plans*** listed below that may be relevant to the Hiram Project. Agencies are requested to review this list and inform the Commission staff of any changes. If there are other comprehensive ***plans*** that should be considered for this list that are not on file with the Commission, or if there are more recent versions of the ***plans*** already listed, they can be filed for consideration with the Commission according to 18 CFR 2.19 of the Commission’s regulations. Please follow the instructions for filing a ***plan*** at   [*http://www.ferc.gov/industries/hydropower/gen-info/licensing/complan.pdf*](http://www.ferc.gov/industries/hydropower/gen-info/licensing/complan.pdf) The following is a list of comprehensive ***plans*** currently on file with the Commission that may be relevant to the Hiram Project.15 Atlantic States Marine Fisheries Commission. 2000. Interstate Fishery Management ***Plan*** for American eel (Anguilla rostrata). (Report No. 36). April 2000. Atlantic States Marine Fisheries Commission. 2008. Amendment 2 to the Interstate Fishery Management ***Plan*** for American eel. Arlington, Virginia. October 2008. Atlantic States Marine Fisheries Commission. 2013. Amendment 3 to the Interstate Fishery Management ***Plan*** for American eel. Arlington, Virginia. August 2013. Atlantic States Marine Fisheries Commission. 2014. Amendment 4 to the Interstate Fishery Management ***Plan*** for American eel. Arlington, Virginia. October 2014. 15 In addition to the qualifying comprehensive ***plans*** listed in this section, we will consider the following resource management ***plans***: (1) Atlantic States Marine Fisheries Commission. 2006. Amendment 1 to the Interstate Fishery Management ***Plan*** for American Eel. February 2006; (2) Atlantic States Marine Fisheries Commission. 2012. Stock Assessment Report No. 12-01 of the American eel benchmark stock assessment; (3) Atlantic States Marine Fisheries Commission. 2013a. Review of the Atlantic States Marine Fisheries Commission Fishery Management ***Plan*** for American Eel (Anguilla rostrata). 2012 Fishery year. American Eel ***Plan*** Review Team; (4) Maine Department of Conservation, Boating Facilities Division. 1995 and 2000. Boating Facilities ***Strategic*** ***Plan***; (5) Maine Department of Inland Fisheries & Wildlife. 2015. Maine’s Wildlife Action ***Plan***. Maine Department of Inland Fisheries & Wildlife, Augusta, ME; and (6) NOAA Fisheries. 2015. Habitat Enterprise ***Strategic*** ***Plan***. 2016-2020. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 23 - Maine Atlantic Sea-Run Salmon Commission. 1984. ***Strategic*** ***plan*** for management of Atlantic salmon in the State of Maine. Augusta, Maine. July 1984. 52 pp. Maine Department of ***Agriculture***, Conservation, & Forestry. Maine State Comprehensive Outdoor Recreation ***Plan*** (SCORP): 2014-2019. Augusta, Maine. Maine Department of Conservation. 1982. Maine rivers study-final report. Augusta, Maine. May 1982. 181 pp. Maine State ***Planning*** Office. 1987. Maine comprehensive rivers management ***plan***. Augusta, Maine. 1987. Three volumes. Maine State ***Planning*** Office. 1992. Maine comprehensive rivers management ***plan***. Volume 4. Augusta, Maine. December 1992. National Marine Fisheries Service. 1998. Final Amendment #11 to the Northeast Multi-species Fishery Management ***Plan***; Amendment #9 to the Atlantic sea scallop Fishery Management ***Plan***; Amendment #1 to the monkfish Fishery Management ***Plan***; Amendment #1 to the Atlantic salmon Fishery Management ***Plan***; and Components of the proposed Atlantic herring Fishing Management ***Plan*** for Essential Fish Habitat. Volume 1. October 7, 1998. National Park Service. The nationwide rivers inventory. Department of the Interior, Washington, DC. 1993. Southern Maine Regional ***Planning*** Commission. 1983. The Saco River: a ***plan*** for recreational management. Portland, Maine. October 1983. 58 pp. U.S Fish and Wildlife Service. Maine Department of Inland Fisheries and Wildlife. Maine Atlantic Sea Run Salmon Commission. Maine Department of Marine Resources. 1987. Saco river ***strategic*** ***plan*** for fisheries management. Department of the Interior, Laconia, New Hampshire. January 1987. 180 pp. U.S Fish and Wildlife Service. 1989. Atlantic salmon restoration in New England; Final environmental impact statement 1989-2021. Department of the Interior, Newton Corner, Massachusetts. May 1989. U.S Fish and Wildlife Service. Canadian Wildlife Service. 1986. North American waterfowl management ***plan***. May 1986. U.S Fish and Wildlife Service. Undated. Fisheries USA; the recreational fisheries policy of the U.S Fish and Wildlife Service. Washington, D.C 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 24 - 10.0 MAILING LIST The list below is the Commission’s official mailing list for the Hiram Project. If you want to receive future mailings for the Hiram Project and are not included in the list below, please send your request by email to FERC Online Support at [*FERCOnlineSupport@ferc.gov*](mailto:FERCOnlineSupport@ferc.gov), or toll free at 1-866-208-3676, or for TTY, (202) 502-8659; or by mail to: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E , Room 1A, Washington, DC 20426. All written and emailed requests to be added to the mailing list must clearly identify the following on the first page: Hiram Project No. 2530-054. You may use the same method if requesting removal from the mailing list below. Register online at   [*https://www.ferc.gov/docs-filing/esubscription.asp*](https://www.ferc.gov/docs-filing/esubscription.asp) to be notified via email of new filings and issuances related to this or other pending projects. For assistance, please contact FERC Online Support at [*FERCOnlineSupport@ferc.gov*](mailto:FERCOnlineSupport@ferc.gov) Official Mailing List for the Hiram Project No. 2530 FEDERAL AGENCIES Honorable Thomas H Allen U.S House of Representatives Washington, DC 20515 Sean P. McDermott Fisheries Biologist NOAA National Marine Fisheries Service 55 Great Republic Drive Gloucester, MA 01930-2237 U.S Army Corps of Engineers Divisional Office, Regulatory 696 Virginia Road Concord, MA 01742-2718 Jay Clement U.S Army Corps of Engineers 675 Western Avenue Manchester, ME 04351 Andrew Tittler Attorney, U.S Department of Interior Office of the Solicitor, Northeast Region One gateway Center, Suite 612 Newton, MA 02158 Andrew Tittler Attorney-Advisor U.S Department of Interior 15 State Street, 8th Floor Boston, MA 02109-3502 Duncan E. Hay National Park Service, Midwest Region 15 State Street Boston, MA 02109 Ralph Abele U.S Environmental Protection Agency 5 Post Office Square, Suite 100 Mail Code OEP06-02 Boston, MA 02109 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 25 - Director Water Quality Control Branch U.S Environmental Protection Agency 5 Post Office Square, Suite 100 Boston, MA 02109-3946 Regional Director U.S Fish and Wildlife Service 300 Westgate Center Drive Northeast Regional Office Hadley, MA 01035-9587 Tom Chapman U.S Fish and Wildlife Service 70 Commercial Street Suite 300 Concord, NH 03301 Kevin Mendik, ESQ NPS Hydro ***Program*** Coordinator U.S National Park Service 15 State Street, 10th Floor Boston, MA 02109 John T. Eddins Advisory Council on Historic Preservation 401 F Street, N.W , Suite 308 Washington, DC 20001-2637 STATES AGENCIES Michael Kuhns Director Maine Bureau of Land & Water Quality Department of Environmental Protection State House Station 17 Augusta, ME 04333-0001 Kathy Davis Howatt Hydropower Coordinator Maine Department of Environmental Protection 17 State House Station Augusta, ME 04333-0017 Jason Seiders Maine Department of Inland Fisheries and Wildlife, Region B 270 Lyons Road Sidney, ME 04330-9711 John Perry Environmental Coordinator Maine Department of Inland Fisheries and Wildlife 284 State Street 41 State House Station Augusta, ME 04333-0041 Frank Frost Fisheries Biologist Maine Department of Inland Fisheries and Wildlife 63 Station Street Ashland, ME 04732 Gail Wippelhauser Marine Resources Scientist Maine Department of Marine Resources 21 State House Station Augusta, ME 04333 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 26 - Thomas Squires Director Maine Department of Marine Resources 21 State House Station Augusta, ME 04333 Kathleen Leyden Director, Maine Coastal ***Program*** Maine Department of ***Agriculture***, Conservation, & Forestry 93 State House Station Augusta, ME 04333-0038 Thomas S. Burack Commissioner New Hampshire Department of Environmental Sciences 29 Hazel Drive Concord, NH 03301 Stinson Leonard Street LLP 18 State House Station 242 State Street Augusta, ME 04333-0001 TRIBES Passamaquoddy Native American Nation Pleasant Point Reservation Tribal Building Office RouteNo. 190 Perry, ME 04667 LOCAL GOVERNMENTS &NON-GOVERNMENTAL ORGANIZATIONS Kevin Richard Colburn National Stewardship Director American Whitewater 1035 Van Buren Street Missoula, MT 59802 Kenneth D. Kimball Director of Research Appalachian Mountain Club P.O box 296 Gorham, NH 03581-0296 Peter Crichton County Manager Cumberland, County of 142 Federal Street Portland, ME 04101-4151 Board of County Commissioner Oxford, County of 26 Western Avenue\ South Paris, ME 04281-1431 Swans Falls Corporation c/o Thomas Mark Dewey & LeBoeuf LLP 423 Atlantic avenue Apt. 6A Brooklyn, NY 11217 20180129-3019 FERC PDF (Unofficial) 01/29/2018 - 27 - APPLICANT Thomas C Orvald Attorney Brookfield White Pine Hydro LLC 801 Pennsylvania Avenue, N.W Suite 220 Washington, DC 20004-2604 Kirk Toth General Manager Brookfield Renewable Energy Group 26 Katherine Drive Hallowell, ME 04347 Kelley Maloney Manager, Licensing and Compliance Brookfield White Pine Hydro LLC 26 Katherine Drive Hallowell, ME 04347 Kevin Bernier Brookfield White Pine Hydro LLc 1024 Central Street Millinocket, ME 04462 INDIVIDUALS None 20180129-3019 FERC PDF (Unofficial) 01/29/2018 A-1 APPENDIX A STUDY ***PLAN*** CRITERIA 18 CFR Section 5.9(b) Any information or study request must contain the following: 1. Describe the goals and objectives of each study proposal and the information to be obtained; 2. If applicable, explain the relevant resource management goals of the agencies or Indian tribes with jurisdiction over the resource to be studied; 3. If the requester is not a resource agency, explain any relevant public interest considerations in regard to the proposed study; 4. Describe existing information concerning the subject of the study proposal, and the need for additional information; 5. Explain any nexus between project operations and effects (direct, indirect, and/or cumulative) on the resource to be studied, and how the study results would inform the development of license requirements; 6. Explain how any proposed study methodology (including any preferred data collection and analysis techniques, or objectively quantified information, and a schedule including appropriate filed season(s) and the duration) is consistent with generally accepted practice in the scientific community or, as appropriate, considers relevant tribal values and knowledge; and 7. Describe considerations of level of effort and cost, as applicable, and why proposed alternative studies would not be sufficient to meet the stated information needs. 20180129-3019 FERC PDF (Unofficial) 01/29/2018 B-1 APPENDIX B PROCESS ***PLAN*** AND SCHEDULE Shaded milestones are unnecessary if there are no study disputes. If the due date falls on a weekend or holiday, the due date is the following business day. Responsible Party Pre-Filing Milestone Date FERC Regulation White Pine Hydro Issue Public Notice for NOI/PAD 11/30/17 5.3(d)(2) White Pine Hydro File NOI/PAD with FERC 11/30/17 5.5, 5.6 FERC Tribal Meetings 12/30/17 5.7 FERC Issue Notice of Commencement of Proceeding; Issue Scoping Document 1 1/29/18 5.8 FERC Project Site Visit and Scoping Meetings 2/28/18 5.8(b)(viii) All stakeholders PAD/SD1 Comments and Study Requests Due 3/30/18 5.9 FERC Issue Scoping Document 2 5/14/18 5.1 White Pine Hydro File Proposed Study ***Plan*** (PSP) 5/14/18 5.11(a) All stakeholders Proposed Study ***Plan*** Meeting 6/13/18 5.11(e) All stakeholders Proposed Study ***Plan*** Comments Due 8/12/18 5.12 White Pine Hydro File Revised Study ***Plan*** 9/11/18 5.13(a) All stakeholders Revised Study ***Plan*** Comments Due 9/26/18 5.13(b) FERC Director's Study ***Plan*** Determination 10/11/18 5.13(c) FWS, ME DEP Any Study Disputes Due 10/31/18 5.14(a) White Pine Hydro Applicant Comments on Study Disputes Due 11/25/18 5.14(j) Dispute Panel Dispute Resolution Panel Findings Issued 12/20/18 5.14(k) FERC Director's Study Dispute Determination 1/9/19 5.14(l) White Pine Hydro First Study Season 2018-2019 5.15(a) White Pine Hydro Initial Study Report 10/11/19 5.15(c)(1) All stakeholders Initial Study Report Meeting 10/26/19 5.15(c)(2) 20180129-3019 FERC PDF (Unofficial) 01/29/2018 B-2 Responsible Party Pre-Filing Milestone Date FERC Regulation White Pine Hydro Initial Study Report Meeting Summary 11/10/19 5.15(c)(3) All stakeholders Any Disputes/Requests to Amend Study ***Plan*** Due 12/10/19 5.15(c)(4) All stakeholders Responses to Disputes/Amendment Requests Due 1/9/20 5.15(c)(5) FERC Director's Determination on Disputes/Amendments 2/8/20 5.15(c)(6) White Pine Hydro Second Study Season 2020 5.15(a) White Pine Hydro Updated Study Report due 10/10/20 5.15(f) All stakeholders Updated Study Report Meeting 10/25/20 5.15(f) White Pine Hydro Updated Study Report Meeting Summary 11/9/20 5.15(f) All stakeholders Any Disputes/Requests to Amend Study ***Plan*** Due 12/9/20 5.15(f) All stakeholders Responses to Disputes/Amendment Requests Due 1/8/21 5.15(f) FERC Director's Determination on Disputes/Amendments 2/7/21 5.15(f) White Pine Hydro File Preliminary Licensing Proposal 7/3/20 5.16(a) All stakeholders Preliminary Licensing Proposal Comments Due 10/1/20 5.16(e) White Pine Hydro File Final License Application 11/30/20 5.17 White Pine Hydro Issue Public Notice of License Application Filing 12/14/20 5.17(d)(2) 20180129-3019 FERC PDF (Unofficial) 01/29/2018 Document Content(s) p-2530-054\_SD1.PDF ...................................................1-35 20180129-3019 FERC PDF (Unofficial) 01/29/2018

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[***Kremlin publishes transcript of Putin's four-hour phone-in***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P27-DW21-DYRV-34DX-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

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July 19, 2017 Wednesday

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**Length:** 31168 words

**Body**

Text of report "Direct Line with Vladimir Putin, 15 June 2017, Moscow" published in English on Russian presidential website on 15 July

The annual special Direct Line with Vladimir Putin was broadcast live by Channel One, Rossiya 1, Rossiya 24 and Russia Today TV channels, and Mayak, Vesti FM and Radio Rossii radio stations.

Tatyana Remezova: Good afternoon, we are live. This is Direct Line with Vladimir Putin, a joint project by Channel One and Rossiya 1 TV channels. You can also watch the broadcast live on Rossiya 24, and listen to a live radio broadcast on Mayak, Vesti FM and Radio Rossii radio stations.

The anchors of Direct Line are Tatyana Remezova and Dmitry Borisov.

Dmitry Borisov: Good afternoon,

First of all, I would like to introduce our colleagues who will be helping us today. Maria Gladkikh and Natalya Yuryeva are in the call centre; and here in the studio we have Vera Krasova, Nailya Asker-zade, Olga Pautova and Olga Ushakova.

They are surrounded by people who were in the spotlight of the last year's most dramatic news reports, people who arguably have shaped today's Russia in one way or another.

Now to Tatyana Remezova.

Tatyana Remezova: President of Russia Vladimir Putin is here, in the studio, live.

Maria Gladkikh: Good afternoon,

We are in the call centre, which plays a key role in Direct Line. Our centre has already received 1.1 million calls. You can submit your question to Vladimir Putin right now. The telephone number has not changed: 8 (800) 200 4040. You can also use 04040 for SMS and MMS messages.

Natalya Yuryeva: In addition to SMS messages and telephone calls, our operators also accept video questions that can be submitted either from the moskva-putinu.ru website or by using a special mobile application called Moskva Putinu (Moscow to Putin).

You can also submit questions using the ***programme***'s official accounts on the VKontakte and Odnoklassniki social networks. For the first time, you can talk to the head of state by direct video link via OK Live, as well as the Moskva-Putinu application. This way, not only will the President hear you, but he will also be able to see you.

Go ahead, make a call. We will be taking questions until the end of the broadcast. You still have time. Maybe it will be your question that Vladimir Putin answers.

Maria Gladkikh: Another innovation in this year's Direct Line is the SN Wall communications platform that enables us to monitor, in real time, how the audience is discussing the ***programme*** on social media. More than 300,000 comments have already been posted on Facebook, VKontakte, Instagram and Twitter.

Those who need sign interpretation can watch the broadcast on Public Television of Russia and on our website.

Dmitry Borisov: Good afternoon, Mr President.

President of Russia Vladimir Putin: Good afternoon.

Dmitry Borisov: Our call centre has been receiving phone calls for 12 days, and 2 million messages of various kinds have been received to this point. The top five of the most sensitive issues for Russians includes growing prices, declining living standards, housing and utilities, healthcare and of course, there are many personal requests.

Tatyana Remezova: That said, I would like to highlight a major difference from previous Direct Lines.

Most of the messages we have received are not about the present, but about the future: how will our country live in the years to come, what will its relations with other countries be like? This could be due to the fact that we are in a pre-election year, when people have more questions to their leaders, to you primarily, of course.

Dmitry Borisov: However, before we start talking about the future, let me begin with the present.

We have been hearing many optimistic assessments of the state of the Russian economy lately. Can we say, would it be right to assume that the economic crisis is over?

Vladimir Putin: You have started with a core question, whether the economic crisis is over. I would very much like to give an affirmative answer, thereby sending a positive signal to the people. However, in the back of your mind you cannot stop thinking that something could still go wrong, something could happen.

Nevertheless, when it comes to drawing conclusions of this kind we should be guided by objective data. What are the hard facts telling us? They are telling us that the Russian economy has overcome the recession, and moved into a growth trend. I will get back to this later to explain how this conclusion can be reached and on what data it is based.

But I would like to start by making a different point and highlighting the most pressing issues that have yet to be resolved. You mentioned them in your question, by the way. What are these issues all about? Real incomes have been declining over the last several years, and what is even more alarming is the growing number of people below the poverty line with incomes below the minimum living wage.

In this regard, Russia hit a low in the early and mid-1990s, when almost one third of the country's population lived below the poverty line, almost 40 percent or 35 to 37 percent, according to various estimates, almost 40 million people. This was the all-time low, while the highest indicators in this respect were reported in 2012.

In 2012, 10.7 percent of the population was below the poverty line. Unfortunately, since then this number has reached 13.5 percent. It may not seem like a lot, just a few percentage points, but we are talking about tens, and hundreds of thousands of people, their lives, so this is a matter of serious concern.

There are economic issues that have still to be addressed, above all regarding real incomes. What are these issues? They have to do with the structure of the economy that we find unsatisfactory. In this connection I have to mention low labour productivity. There will be no new jobs, and incomes will not increase, unless we improve labour productivity. This is a major issue.

We will most definitely come back to these matters and I am 100 percent certain that people will have further questions and we will go into greater detail and look further at all that makes it possible for me to say now that the recession is over and we have seen economic growth for three quarters in a row now. GDP growth is modest, but it has nonetheless held steady from one quarter to the next.

GDP growth was plus 3 percent at the end of the fourth quarter of 2016, plus 5 percent in the first quarter of this year, and up 1.4 percent in April this year. This makes for GDP growth of 0.7 percent overall for the first four months of 2017.

Industrial production is also on the rise. We had growth of 0.7 percent in the first quarter of this year. I have brought along some of the latest figures, so as not to forget anything, and I can share them with you too. These are the latest statistics.

Investment into capital assets is up 2.3 percent. We see an increase in car sales and mortgage loans, which all economies consider a clear sign of growth, and non-resource and non-energy exports are up by 19 percent.

Finally, another important macroeconomic indicator is inflation, and we have brought it down to a record low in modern Russian history. The figure today is 4.2 percent. This is an unprecedented result and it gives us reason to expect that we will reach our target figure of 4 percent by the end of the year.

The Central Bank's gold and foreign currency reserves, our international reserves, are growing. We started 2016 with $368 billion and ended the year with $378 billion. Today, the figure is $407 billion. One of the most significant indicators that I must mention is investment into capital assets, which is growing at a faster pace than the economy as a whole.

The economy grew by 0.7 percent over the first four months of this year, while investment into capital assets was up by 2.3 percent. What does this mean in simple terms? It means that investment in developing production facilities is up by 2.3 percent, and this is laying the foundations for growth in the short term. This, of course, is a positive development that will have an impact on various aspects of the social sector too.

Which aspects? The main social sector achievement that I want to mention once again is the substantial drop in infant and maternal mortality. Infant mortality has undergone a three-fold decrease since 2000, and maternal mortality has seen a close to four-fold drop. Probably no other country's social sector has achieved such results. This has contributed to increased life expectancy as well. The figures here are now up from just over 70 years to 72 years. Overall, these results give us reason to say that we have overcome the crisis.

Tatyana Remezova: Mr President, you yourself spoke about people's declining real incomes, and the official statistics confirm this. When will people feel the benefits of the reviving economy?

Vladimir Putin: You know, the decline was rather steep, and so it will take some time before people will feel an improvement. As I said at the beginning, I consider this to be the most important and serious problem.

Real wages started increasing in July or August 2016 and increased 0.7 percent by the end of the year. This increase is rather difficult to see, although it reached 2.3 or 2.4 percent in April this year.

As you know, we made lump sum payments of 5,000 rubles to pensioners early this year and increased pensions for non-working pensioners by 5.4 percent starting from February 1 and later brought the overall figure to 5.8 percent. We have also indexed social pensions.

We are working with employers to increase the minimum wage. We increased it by over 20 percent last year and have also raised it this year. Overall, we are working at this so that people can feel the improvements.

Tatyana Remezova: Still, many people complain about low wages. Here are many text messages and photos of wage slips. For example, a preschool teacher at Kindergarten No. 111 in Astrakhan is paid 7,935 rubles. The slip is for May 2017. Can you live on this wage?

A medical nurse at the Vostochny Space Launch Centre received 10,246 rubles in May.

"Should a firefighter risk his life for 8,000 rubles a month?" asks Alexander Melnikov, head of a fire team from the Saratov Region.

"When will postal workers' wages be raised? You cannot live on 3,600 rubles."

Vladimir Putin: We will have to check the situation with salaries of 3,600 rubles to understand how this is possible. After all, there is a minimum wage in Russia, and it is more than 3,600 rubles. However, all the people you have mentioned are public sector employees who did not benefit from the wage increases under the May 2012 executive orders.

As for public sector employees who did benefit from these increases, their salaries are going up as ***planned***, more or less. In other public sector jobs that were not covered by the May 2012 executive orders, the situation is more challenging. Their salaries were not adjusted for inflation, even though prices have gone up, and the inflation rate was quite high at 12.9 percent in 2015. Still, their wages were not adjusted for inflation. If you are telling me that this is not fair, I agree. I have raised this issue with the Government, and issued instructions to this effect. These salaries will be adjusted for inflation starting January 1, 2018.

Tatyana Remezova: Thank you.

Dmitry Borisov: We have received many calls on this subject. Let us ask the call centre to join our conversation.

Natalya, you have the floor.

Natalya Yuryeva: Mr President, we have just received a call from a medical nurse in Primorye who asked how she could survive on her salary. Socioeconomic issues are always the most sensitive, and they worry Russians the most.

I also see a question on another sensitive issue, the low salaries of teachers in the regions.

Here with us, via video conference, we now have Alyona Ostaltsova from Irkutsk.

Alyona, good afternoon, you are on, you can ask your question.

Alyona Ostaltsova: Hello, Mr President.

Vladimir Putin: Hello.

Alyona Ostaltsova: My name is Alyona Ostaltsova, and I am calling from the city of Shelekhov, Irkutsk Region. The question I have is quite common. Why are teachers paid so little? I am an elementary school teacher. I have been working for one year, but my salary has never exceeded 16,500 rubles per month. I have not received the allowance young teachers are entitled to. I love my job, and I love working with children, but with a salary like this, I have no choice. How can I live on it? Thank you.

Vladimir Putin: Alyona, you are from Irkutsk Region, is that right?

Alyona Ostaltsova: Yes.

Vladimir Putin: Shelekhov is probably a small town. I do not know whether your school is fully staffed. You and I know, and so do all other teachers across the country, that there is an objective to bring teachers' salaries up to the regional average. If I am not mistaken, since I may not recall the exact figures, the average salary in Irkutsk Region is slightly above 30,000 rubles. The average salary in Irkutsk Region is above 30,000 rubles. And teachers' salaries are even slightly higher in Irkutsk Region.

What happens in reality? The teachers' money and the level of wages are managed by the school itself, and it determines the payroll and extra payments in addition to the salary. The school itself does this. Again, the payroll and additional payments. It is clear that young specialists, and you are a young specialist, usually make somewhat less than experienced teachers with longer service and all. It is unclear though why it is so much less, 50 or 70 percent - I do not understand this either. I hope that the region's administration, the authorities that supervise education, will pay attention to this.

This is what I'm thinking: as I said, such a difference in income is unacceptable. Therefore, if this is happening, it would probably be reasonable to establish a minimum wage or a minimum ratio between the income level of young specialists and those who have a long record of service. We probably need to think about this.

Alyona Ostaltsova: Thank you very much.

Vladimir Putin: About 11,000 rubles, it is certainly strange. I repeat: wages should not differ so dramatically. We will deal with your specific case.

Tatyana Remezova: Before this broadcast, we talked to people who sent in their complaints, including complaints on this issue. Indeed, the situation is very different in various regions and largely depends on who is in charge of the region.

Over the past year, many changes have taken place in the leadership of Russian regions, something that never happened before: Buryatia, Kaliningrad, Karelia, Kirov, Mari El, Novgorod, Perm, Ryazan, Sevastopol, Tver, Tula, Udmurtia, and Yaroslavl. Why? Are all the newly appointed governors coping with their duties?

Vladimir Putin: You know, in many places the governors' tenure in office simply ended, as many of them had worked for 10 and even more years. Frankly, it was their own idea to try working in other areas.

In other regions, we just felt that people want change, and therefore initiated the process. As to whether they are competent or not, this is primarily a question for the local people. Some of the elected regional leaders had already served for six months or a year before running for the position, so when they did, people voted for them because they knew they could trust them with managing the region, so we can say that people - the voters - believe these candidates were doing a good job. But, of course, any election, the results of any election are an upfront trust given to candidates for leadership at any level at the beginning of their work at this new high office.

Whether they succeed or not - I will return to this subject now. They have to succeed, they have everything to make it despite the fact they are relatively young. They have extensive state work and life experience; of course, you can blame it all on them - but the financial situation is not easy in the regions.

In this regard, the Federation helps for them, supports them. To solve these social issues and level wages, 40 billion rubles have been allocated in this year's federal budget. What is more, I asked the Government to provide additional finances, and they have allocated another 10 billion rubles. Therefore, they have the support; they also have their own social ***programmes***. They have to work and achieve results.

Tatyana Remezova: We received the following question online: "Two weeks ago, Europe extended the anti-Russia sanctions for another year. Do you think we are ready to live under these sanctions for decades?"

Vladimir Putin: In fact, the history of Russia shows that we have usually lived under sanctions whenever Russia started to become independent and feel strong. Whenever our partners in the world saw Russia as a serious rival, they imposed various restrictions under various excuses; this has been the case throughout our history, not just in Soviet times; this was the case even before the 1917 revolution. So no surprises here.

We now know that the US Senate has drawn up another draft law on toughening these sanctions. What are the reasons for this? Nothing extraordinary is taking place. Why have they started talking about sanctions again, for no particular reason? This, of course, testifies to the ongoing domestic political struggle in the United States. In any case, this is happening and I can see no real reason for it. If it had not been Crimea or some other issue, they would still have come up with some other way to restrain Russia. The policy of containing Russia has always been presented like this.

So, what is the situation with these sanctions and what impact, if any, have they had on us? They have had an impact. Has this been fundamental in nature? I do not think so. We have been affected more by the global situation and the drop in prices for our main traditional goods - oil, gas, metals, chemicals, and so on. What view do our partners take?

The US State Department believes that these sanctions have lowered our GDP by 1 percent, the Europeans give a slightly higher figure, and the UN has calculated that we lost around $50-52 billion, and that the countries that imposed the sanctions have lost $100 billion. In other words, sanctions have proven to be a double-edged sword and harm everyone, including those who impose them.

Strange though it might sound, however, there have been advantages too. What are they? For a start, we were forced to concentrate our intelligence, talent and resources on key areas and not simply rely on oil and gas revenue. What result has this brought? We have seen real production growth in important and complex economic sectors.

We have rebuilt substantially our skills in the radio-electronics sector, and we made good progress in aircraft engineering, rocket building, pharmaceuticals, and in heavy engineering. That is not to mention ***agriculture***. We all know that ***agriculture*** has posted growth of around 3 percent and Russia is now a leader in exports of grain and wheat. That is the result we have to show.

We have reduced substantially imports and developed our own production of pork and poultry and cover practically our entire consumption needs. What's more, we are now looking for sales markets abroad.

We are in talks with our Chinese friends on opening the Chinese market to our pork and poultry ***producers***. So, there are positive aspects in this situation.

But this is not a normal situation, of course. All of these restrictions do not ***produce*** anything good, and we should work towards a global economy that functions without these restrictions.

Dmitry Borisov: If possible, I would like to return to the issue of public opinion on the performance of regional authorities. We have been collecting questions for the past 12 days and have noticed that journalists have used some of these questions as themes for their reports, citing people's complaints and requests. Miraculously, asphalt was laid, walls painted and building facades repaired the next day after the stories appeared on Channel One or Rossiya. This seems to have solved the problem, or has it?

And there is also a different trend. Tatyana Remezova can correct me if I am wrong, because this story was aired on her show. It is about people complaining over long queues in outpatient clinics while doctors say that this is not true. Then, there is the issue of pseudo-assistance, when people pretend that there is no problem, and simultaneously, the issue of the pseudo-problem, when people try to make a mountain out of a molehill.

I would like to say that we record all these cases. Mr President, we will forward the list of issues that have been allegedly resolved and also pseudo-problems to you and the Presidential Executive Office.

Vladimir Putin: It looks as though holding this event once a year is useful after all. Those who were sitting on their hands will do something good, like build a road or settle matters with healthcare or social facilities. But these are only separate elements. What matters for me is the ability to gauge the public mood, to see what worries people most, the whole range of issues. Of course, it is impossible to answer every question. It would be unrealistic to even try. But we can answer some of them today - I can do this with your help. And this will help us - me, the Government and the Presidential Executive Office - to see the main, and I would even say the most glaring issues, which we must deal with as a priority. I would like to thank our television audience, and those who sent their requests online, for taking part in this work.

Tatyana Remezova: I know that the subject of sanctions has found a response among the guests in this studio.

Olga Pautova has the floor.

Olga Pautova: Mr President, there are many agribusiness representatives in this room. They are more concerned with our response to the sanctions and the related import replacement.

Standing next to me is Sergei Korolev, head of the National Vegetable Union. He says the past three years have taught our farmers to grow delicious and, most importantly, wholesome tomatoes and cucumbers.

Mr Korolev, do we have productive harvests?

Sergei Korolev: We are growing by about 20-30 percent a year.

Mr President, you mentioned the sanctions earlier. We see the measures introduced against Russia as a gift and an additional tool to support our agro-industrial sector. The retaliatory measures that were introduced have ***produced*** an effect.

Vegetable production is growing at a rate unprecedented both in the Soviet Union and in recent history. I can tell you that we grew by 50 percent over the year when the retaliatory measures were introduced. We have invested 150 billion rubles in vegetable farming. You mentioned these figures today - 150 billion over a short period - [as an example] of growing investment. This is without a precedent. More than 10,000 new jobs have been created. And we are certainly ready to continue this work.

But all of us are concerned with the following issue. The US Senate adopted a decision yesterday, and Europe declared that their sanctions would be extended and even expanded. Will we extend our counter-sanctions in response to the West's decisions?

And a second question: When, God forbid, their sanctions are called off, can we hope for your support in protecting the domestic market, as was the case with Turkish tomatoes, for which Russian vegetable growers owe you a special thanks?

Vladimir Putin: This is not a peripheral question, since it is relevant to the whole country. Why? Two years ago, as you and I know all too well, vegetable and fruit production was the most challenging issue. Prices jumped which could not help but affect household incomes. In fact, we blocked or substantially reduced imports, but were unable to meet the needs of Russian consumers on our own. We did everything we could, and I will not go through the whole list of initiatives we undertook. You know them better than I do, and I hope that you have benefited from them. These initiatives were aimed at helping our ***producers*** expand vegetable and fruit production, primarily vegetables. Two years ago, the inflation rate reached 12.9 percent, and vegetable and fruit prices were one of the main reasons behind this surge, although there were other reasons that also pushed the inflation rate up.

What we believed was that Russian ***agricultural*** ***producers***, meat ***producers*** and those growing fruit and vegetables, needed to expand their operations to such an extent as to be able to satisfy domestic demand. You have been successful at this, and I would like to thank you. Not only you, but all those who live in rural areas.

The inflation rate is now at just 4.1 percent. This is a tangible result that benefits the entire industry. After all, almost one third of the country's population lives on ***agriculture***, if we include the rural population working in social services. This is a very positive development. You were right to say that your products have superior quality.

The Government has extended the sanctions until the end of 2017, to December 31. We will see how our relations evolve with the countries that imposed these restrictions on the Russian economy.

As for the question of keeping the restrictions in place indefinitely, if our partners lift the sanctions they imposed on us, we will have to do the same. Otherwise, Russia will face issues in the WTO. What I want to say is, first, we need to promote competition on the domestic market so that it benefits consumers, including those who live in major cities. Secondly, we very much hope that you will succeed in expanding your operations and enhancing your competitiveness, and we are doing everything we can to help you succeed. If you reach the same level of quality and labour productivity as your competitors, you will always have an advantage on the domestic market due to lower logistics costs. For this reason, we are providing indirect support, which is not prohibited under WTO rules. As a matter of fact, there are many loopholes that can be used, and we will continue to do so. However, you should not expect any massive, direct, or, should I say, aggressive support measures from us. Now is the time when you have to do everything it takes in order to become competitive in the near term.

Tatyana Remezova: Let's cross to the call centre and hear a telephone call. Maria, you have the floor.

Maria Gladkikh: Yes, thank you.

Mr President, many people call about issues that they have been attempting to resolve at the local level for a long time. Finally, when they get desperate, they turn to you in a bid to get something done quicker. We have a call now from Trans-Baikal Territory.

Hello, you are on air. Please introduce yourself.

Natalya Kalinina: Hello,

Mr President, I am Natalya Kalinina, a resident of Olovyanninsky District, Trans-Baikal Territory. My village, Shiviya, was burned down entirely on April 29, 2015. I remain homeless to this date.

We were offered housing, but it was unfit for habitation. I have a small child and am a single mother. I have turned to all possible levels of authority, but have received no response anywhere. Our district officials have taken no action at all.

My daughter is set to begin school this year, but we have no place of residence registration. We are living in an old abandoned house. Mr President, please help us to obtain a decent place to live.

Thank you very much. God bless you.

Vladimir Putin: Ms Kalinina, please stay on the line. Which region are you in?

Natalya Kalinina: Olovyanninsky District, Trans-Baikal Territory.

Vladimir Putin: Trans-Baikal Territory? This is strange.

Yes, Trans-Baikal Territory was indeed hit by fires in the summer of 2015, and we disbursed in full federal money for providing the fire victims with new housing.

I do not remember the exact figure now, but I think it was a bit over half a billion rubles that we allocated, including over 300 million for resolving these housing problems, and this money was to have been spent on either buying housing or on building new homes for families such Ms Kalinina's.

The region has a new governor, true, she arrived only in 2016. I will ask her to look into this situation and will also ask the prosecutor's office to investigate where the money went and how it was spent. Whatever the case, we will resolve your problem. This is the state authorities' duty. We promised to provide everyone affected by the fires with housing, and we will do this.

Dmitry Borisov: Maria, what are the updates? How many calls per minute is the call centre receiving? How busy is the line?

Maria Gladkikh: Of course, Dmitry, I can give you the updates. But first, I would like to show you how questions for the Direct Line are taken. Our operators fill in forms for every caller with their name, gender, age, occupation and, of course, their question.

For example, here we have a form for Ella Pavskina from Moscow Region who asked a question about kindergarten waiting lists. Every minute we receive 106 SMS and MMS messages. Our operators take around 127 calls per minute. The line's maximum capacity is up to 456 calls.

Right now, we have a call from Ivan Tarkin in Vladivostok. Good evening to you, since it is already evening in your city. You are on. Please ask your question.

Ivan Tarkin: Mr President, this is Ivan Tarkin from the free city of Vladivostok.

Mr President, can you explain what is going on with the One Hectare ***programme***? Mockery is the only word that describes it. You have to spend months on the website to register your plot and nothing happens, the website crashes all the time.

By the skin of my teeth, I managed to get a cadastral number, print the contract, sign it and submit it to the Vladivostok Land Committee, last February.

Since then, I have not been able to get it back for ever new reasons. A hundred years ago, Stolypin with his primitive tools never made such mistakes. Why is that?

Vladimir Putin: The Stolypin reference is appropriate here, of course. Do not forget that there were also so-called Stolypin trains that people were forced onto, and so-called Stolypin ties, which were nothing but gallows. But it is true; we must remember all the positive things that Stolypin did for our country. This is why there is a monument to him outside the Government House in Moscow. We do not have a death penalty now as you know, although sometimes, you know what I mean.

As concerns the hectare ***programme***: first of all, the ***programme*** is going fairly well overall. I will speak about this in a minute. Primorye Territory is struggling with it the most, I will explain why.

Last February, we made a decision that any Russian citizen who wants to move to the Far East will be given one hectare.

The number of applications rose immediately. There are 92,000 applications now. Even the system that was designed to process them has glitches. About 27,000 of the 92,000 applications have been granted, which is more than a third. This is the first thing.

The second. In the European part of Russia, it takes up to three years to obtain a land plot, as disappointing as this sounds, while in the Far East it takes a little over two months to get this one hectare.

Your case is, of course, discouraging. What could be the matter is beyond my knowledge, but we will certainly try to help you. I am sure that the relevant ministers in the region are listening, as is Deputy Prime Minister Yury Trutnev. They will certainly respond.

What is the problem? The problem is that they do not have a proper cadastral register. This is their first problem.

The second problem is that too much land belongs to official agencies, like the Defence Ministry, the Academy of Sciences and all the departments involved in environmental protection. And so we have one figure on paper and a different one in reality. You have been issued a cadastral number, but when you started checking the data you found a disparity, and now you need to settle it with various departments.

I will try helping you in this. I will try helping my colleagues, the governors, coordinate these issues so that nobody else has these problems. I am sure that you will receive your hectare of land. Good luck.

Tatyana Remezova: We do receive many complaints from the Far East about the allocation of land under the One Hectare ***programme***. At the same time, people from other regions demand to know when this ***programme*** will be spread around Russia. Vasily Denisov from the town of Blagoi in the Tver Region wonders if the One Hectare ***programme*** will also be applied in other regions, which must surely have unused land too.

Vladimir Putin: There is enough unused land in Russia. For example, over 43 million hectares of farmland is not being used for its intended purpose. This is a huge amount.

But first we need to complete the experiment in the Far East. As you can see, there are some problems, such as the one we heard about on the phone, although the situation is mostly favourable. In other words, we first need to test this process in the Far East. And we also need to settle the problem of cadastral registers.

Overall, I believe that the person who asked this question is right, and we do need to make use of this land. However, we should do it carefully so as not to create a secondary market for the land we allocate under the One Hectare ***programme*** because our people are very creative, you know: they can take several hectares first, then there will emerge a secondary market, and we end up with those hectares being resold many times without any tillage. Although the corresponding law says it all. This land is not being allocated as property. The land holders must show good result during the first five years, after which they will be able to receive either a long-term lease for this land or appropriate it. But they may not sell it to foreigners. In short, we need to test every detail of this ***programme*** in the Far East. But overall, it is the right idea.

Tatyana Remezova: Thank you.

Dmitry Borisov: This year, the call centre editors, and all of us working on the Direct Line, selected a number of questions not only to let a person ask it live over the phone, or to record a video message, but to immediately send a film crew to the scene to see with our own eyes, through the eyes of our colleagues, what is happening there, on site. The first such place is Balashikha, outside Moscow. Our colleague Dmitry Kaistro is there now.

Dmitry Kaistro: Hello!

It is raining today and visibility is not great, but giant rubbish heaps are clearly visible in the heart of this neighbourhood of Balashikha. This dump has been here for more than 50 years, poisoning everything around it, and rubbish trucks bring more all the time, day and night. This dump is even visible from outer space - it takes up about 50 hectares and is closing in on the surrounding houses.

We have worked here for several days, but when we arrived at the landfill, strong young people emerged wearing "environmentalist" T-shirts with 'Environmental Control' written on them. They showed us some kind of facility for processing rubbish, even decorated with balloons in the colours of the Russian flag - it looked like some proactive move. This was a perfect illustration of the place and the disaster that has rallied tens of thousands of people here. We did not even have to ask - people came to us to talk about the burning matter and ask their questions.

Yelena Mikhailenko: Hello!

We live here in the neighborhood of Kuchino, in Balashikha, and some of us are from Olgino and Pavlino. The situation here is terrible, simply unbearable in fact. There is a huge landfill, the biggest in Moscow Region, within our town, just 200 metres from residential areas, kindergartens and clinics, and only 20 kilometres from the Kremlin. This is a violation of Federal Law No. 89.

Fires occur on the landfill daily; it is impossible to breathe, and there is a constant release of gases, methanethiol and sulphur dioxide. They become converted to hydrogen sulphide, and we breathe it. Many suffer from nausea and vomiting, all the time. It is unbearable.

We have appealed to many government agencies at various levels, receiving only formal and noncommittal replies; we have it all documented. We do not know what to do. This is not only our problem; it is a problem for the whole country. We do not know what to do in this situation. Turning to you is our last hope.

Vladimir Putin: This is a very sensitive and complicated issue. I know full well what you are talking about. I have seen this waste disposal site. As the reporter said, it has been there for 50 years. By the way, I see that you are standing by a building that was clearly built less than 50 years ago. Someone did decide to build housing near a waste disposal site that has been there for 50 years. So let's not forget the people who took the decision to build residential buildings in this area. The dump has been there for 50 years. Nevertheless, we have what we have, and it is our duty to respond. Of course, we are aware of the problem. There is special urgency to deal with it in the Moscow Region, Tatarstan, Tula and a number of other regions.

What measures will be taken? First, a decision was made to build recycling plants. Four of them will be erected in the project's initial phase, and three of them will be located in the Moscow Region. By the way, advanced Japanese technology will be used, provided by Hitachi, if I am not mistaken, and the Rostec Corporation will be in charge of building these units. This should be done as quickly as possible. This is the first point.

The second point is that 5 billion rubles were allocated from the federal budget, which is a substantial amount, to resolve the most pressing issues we are currently facing in this area. This is clearly your case. I will ask the Governor of the Moscow Region and the federal Government to use these allocations to resolve the most pressing issues like the one you are facing. I hope that this will be done.

The law on waste management was adopted quite a while ago, but its enactment has been delayed time and again. I think now it is expected to come into force on January 1, 2019. Why was it rolled back? Because manufacturers have to pay recycling fees under the law, so during the crisis, manufacturers asked us to postpone these fees in order to lessen the burden on the economy. This is the first thing I wanted to say about this law.

Secondly, with regard to individuals, this law stipulates that certain environmental fees must be paid by individuals as well. However, the effect of paying these fees will not be visible right away, because it is first necessary to build something using these funds, after which the effect will become visible. All this time we had doubts: will the people understand this, and should it be done at all? I want to ask everyone who will engage in this work or is already engaged: the people will certainly understand if they see where the money is going, and to make sure they do, we need public oversight in place.

By the way, I would like to thank Russian Popular Front, which created the corresponding map. Hundreds of people are already working on this as they identify the most critical issues. With regard to Balashikha, we will look into this issue separately and try to fix it. I can understand perfectly the critical importance of this problem. It has been building up over decades. We will try to fix it as soon as possible.

Dmitry Borisov: By the way, Balashikha is one of the places I was talking about. We were choosing locations in the regions for these reports and these questions arrived on every one of the 12 days that we were taking messages from different regions. We chose Balashikha, and went there. You can see everything and get a good sense of what is going on.

Vladimir Putin: Well, of course. People are standing there, and it stinks to high heaven.

Dmitry Borisov: Unfortunately, the screen cannot convey the smell. You just saw what Dmitry Kaistro showed us. It looks like they have spruced things up a little, and built some kind of a line there in one day. However, we have a photo taken the day before. I just want to show it to you, if I may.

This is modern-day Balashikha, the picture was taken yesterday. In a matter of one day, the balloons suddenly appeared. It looks like the matter is being addressed. They are saying there is no problem whatsoever.

Tatyana Remezova: We now have Irkutsk Region online. Lake Baikal and its biggest island, Olkhon Island. Our colleague Pavel Zarubin joins us from there.

Pavel Zarubin: Hello, Moscow! Olkhon Island sits in the middle of Lake Baikal. Look how beautiful it is here. Shamanka Rock is one of the main attractions of the lake.

Later, we will see that almost all trees here are covered with beautiful ribbons, as, according to local legends, Shamanka Rock and Cape Burkhan are believed to be a special sacred place, a place of worship.

Of course, many tourists come to the Olkhon Island on Lake Baikal. Just imagine that 10 years ago there was no electricity in Khuzhir, from which we are broadcasting now, while now this town with a population of 1,500 has two or three thousand tourists every day in the summer - every single day!

The Yordynsky Games have begun in the Olkhon District. The games are a beautiful ethnic and cultural festival. Let's take a few seconds to watch and listen.

Foreign tourists flock here to see the festival by the thousands; there are so many of them around! But the locals have complained that they live as if in a reservation.

The Russian nature conservation legislation was seriously tightened several years ago. The water conservation zone of Lake Baikal has been expanded inland by dozens of kilometres, and locals say that they will be unable to do anything here if they comply with the law.

They say that it is a major problem. Nearly all the residents of this town have said so, but Viktor was especially expressive.

Viktor, over to you.

Viktor Vlasov: Good afternoon, Mr President.

Let us begin with the road. The road from the ferry to Khuzhir is so bad that it is almost non-existent. Many people come here by car, and these are expensive cars, and so people drive off from the road, trampling vegetation so that it will take a decade for grass to grow here again.

Nobody takes care of this road. The last time the road was filled was 10 or 15 years ago. Local and regional officials always fly in by helicopter, and so they do not see the road and do not know what it means to drive on a road on which vehicles easily turn upside down.

Pavel Zarubin: Indeed, the regional bosses arrived here by helicopter an hour ago. There it is, the helicopter, you can see it.

Viktor Vlasov: A few words about the water. We live on water. Look how much water there is all around us, but we get our drinking water from wells. It is incredibly bad! You fill a three-litre kettle and think that it is full of water, but it turns out there is a layer of hard water build-up two fingers thick in the kettle. Our drinking water is not filtered, and they cannot even build a good water tower.

Pavel Zarubin: As I understand it, you cannot build a road there, or can you?

Viktor Vlasov: No, we cannot build a road because the law prohibits quarrying on the island. Quarrying is allowed only on the mainland. But it would be impossible to transport all the materials by ferry, which runs strictly on schedule.

Pavel Zarubin: So, is it also because of this law that you cannot build a road?

Viktor Vlasov: When the Baikal National Park was established, a reserve was set up on our island. When we met at the club with the representatives, they promised us the moon and said that no one was going to infringe on our rights and nothing bad would happen.

In reality, everything happened: we are not allowed into the forest, not allowed into the fields, and things have reached a point where even our cattle are arrested and we are told that if we let this happen again, our cattle will be shot.

Vladimir Putin: We were in Balashikha only recently and we saw there the conditions in which people are living. This is the result of the fact that environmental norms were ignored at one point and people built housing in places where this should not have been done.

We certainly must resolve this situation now. I would like to get back, because what I have seen made an impression and we must do everything possible to help Balashikha and help the people living there.

Your situation is the other side of the coin, but these are two sides of the same matter. You said that environmental norms and legal provisions were toughened, but these territories are no doubt protected by our international obligations as well.

What can I say here? Of course, everything should be within reasonable limits. The protected water reservoir zone that you speak of should conform to Baikal's status and significance and meet the needs and demands of the people living in the area.

Of course, we cannot force people to carry buckets and cans of water for several kilometres. Water quality should be guaranteed and roads should be built. We must amend the current regulations and laws in such a way as to allow for economic activity, coordinated with the environmental organisations, in order to ensure normal and civilised conditions for the people living in these areas.

We need to make amendments to these laws. I have taken note of the matter. We will work together with you. I will say again that together with the environmental organisations we should do everything to ensure that things stay within reasonable limits. This is definitely necessary work.

I do not think this will have any negative impact on our commitments to international organisations. These organisations make people the primary focus of their work, so why should we not do the same? I see no reason not to. We will address this problem.

Tatyana Remezova: Thank you, Olkhon.

We received many questions from young mothers. This is why we went to a perinatal centre that has recently opened in the Republic of Bashkortostan, where our colleague Ivan Prozorov is working.

Ivan Prozorov: Colleagues, good afternoon,

We are in the Mother and Child clinic, a state-of-the-art multi-purpose centre, where high-technology surgery is performed, including under government quotas.

Of course, the main purpose of this centre is obvious from its name, Mother and Child. We are now in a ward for newborns, where mothers take care of their babies. By the way, we know that this mother and her child are about to leave the clinic. They will be home in a matter of hours.

This child was born less than two days ago. Both the mother and the child feel great, which should be credited among others to Ruslan Garifullin, who is an obstetrician-gynaecologist. He has been working at this centre since its first day.

More than 2,000 babies were born here in almost three years. Doctor Garifullin submitted a written question to Direct Line, and now he can ask it himself.

Doctor Garifullin, go ahead.

Ruslan Garifullin: Good afternoon, Mr President.

I am an obstetrician-gynaecologist, and have been working in maternity centres for 15 years. During my career, I had a chance...

Ivan Prozorov: Excuse me, my colleague is telling me that behind us you can see a ward where a young father has just entered with a newborn. Is that right?

Ruslan Garifullin: Yes, his child was born only a few moments ago.

Ivan Prozorov: Sorry for improvising. We knew that the operation was underway, but did not expect it to happen when we would be live.

Hello, you may not believe it, but this is Direct Line with Vladimir Putin. Millions of people can now see you. Congratulations on behalf of all of them. This is an incredible moment. What is your name, and how do you feel?

Artyom Sukharev: Hello, my name is Artyom Sukharev. This is actually my second child. He was born only 20 minutes ago, and I got to hold him right away. My wife is still in the intensive-care ward, while I get to know my child.

Ivan Prozorov: Were you nervous just as with your first child? Or was it less dramatic?

Artyom Sukharev: You know, I was less nervous, although there were still a lot of emotions.

Ivan Prozorov: Is it a boy or a girl?

Artyom Sukharev: It's a boy. This is the second boy in the family.

Ivan Prozorov: Great, congratulations! What is his weight and height?

Artyom Sukharev: He is 3.8 kilograms and 54 centimetres long.

Ivan Prozorov: Have you chosen a name?

Artyom Sukharev: Yes, his name will be Mikhail.

Ivan Prozorov: Amazing. Can you show us the baby? Is he sound asleep right now?

Artyom Sukharev: No, he is trying to open his eyes. Everything is interesting for him.

Ivan Prozorov: Thank you, and once again congratulations. Please send our well-wishes to your spouse. We will not disturb you any longer. Thank you, and congratulations.

(Applause.)

We are returning to the question. Ruslan, I am sorry we were interrupted. Can you repeat your question?

Ruslan Garifullin: This was a good reason for interrupting, great news. I will continue.

Mr President, here it goes. Over the 15 years of my career, I have seen the birth rate both in decline and on the rise, the latter in the past seven or eight years. However, right now we are actually afraid that the birth rate will begin to drop again as a backwash of the birth rate drop in the 90s. There are literally fewer women these days who are ready to have children.

In this regard, my question is, will the maternity capital ***programme***, which expires in 2018, be extended? And will it cover the birth of a third child and further children?

Also, our new mothers are certainly concerned with the child allowance they receive once the child turns 18 months. At the moment they get paid a pathetic 50 rubles. It think it is a measly amount. Will anything change?

Vladimir Putin: First, I would like to congratulate Mikhail and his parents on his birth and the boy himself on coming into this world. It is a wonderful event for his family. We wish the parents and the child the best of luck and happiness.

Now to the demographics. Indeed, we have done a lot to turn the demographic trends towards stable growth. We have achieved a very positive result.

The birth rate in Russia is growing faster than across Europe. When I say that, many of my counterparts are surprised and honestly happy for us. Now, what I want to say about the trends is the following.

Russia suffered the biggest loss in terms of population and demographic development during the Great Patriotic War in 1943 and 1944. In 1943, the birth rate fell by 60 percent compared to the pre-war years.

During that time, fewer than one million children were born in Russia, in the Russian Soviet Federative Socialist Republic. In the 1990s, also due to difficult events, we had 1.2 million children borne, which is similar to the demographic loss during the war. The drop was around 50 percent.

Surely, we must take into account that the second case was also a repercussion of the Great Patriotic War to an extent, added to the dissolution of the Soviet Union, the collapse of the social welfare system, the drop in the quality of life, and massive unemployment. All these factors together resulted in a catastrophic birth rate decline, and it comes back every 25 years.

First the war, then every 25 years, and in the mid-90s the collapse of the Soviet Union and everything it entailed affected the picture. Eventually, we almost fell back to the level of the Great Patriotic War.

And what do we have as a result? The number of young people, primarily women of childbearing age, as professionals say, has plummeted. The generation that was born in the 1990s has entered this age.

The number of young women aged between 20 and 29 has decreased by 34 percent and the number of women aged up to 38 or 39 has dropped by 25 percent. Women aged between 30 and 40 continue to have children, and these are healthy kids. We should be grateful to medical advances for this. But still, the decline is tremendous. The number of people who can become parents has decreased.

We must do something to prevent the demographic gap from becoming wider still. What can we do? First, we have a number of tried and tested systems. You have mentioned one of them - maternity capital. By the way, over 7 million families, over 7 million mothers have received maternity capital, and nearly half of them have used it. This is our first achievement.

Second, allocations for a third child have been introduced in the regions with an unfavourable demographic situation. As a result, the birth rate has increased by 37 percent there. Yes, we have achieved the desired result. Our measures are effective, although they are also expensive. But we are talking about our people, our citizens, and our future. We must analyse all aspects of the problem very carefully. Of course, we must not squander funds, but neither should we be stingy with them. Therefore, we need a set of various measures, such as the extension of the maternity capital ***programme*** as it exists or in a new form.

We must think about encouraging young women to have their first babies, probably by allocating funds to them. Why so much attention to young mothers? Because they are still young, and so we should help them by giving them a start in life. We must also think about encouraging older mothers, that is, mothers aged 30 or more, to have their second and third children.

We have resolved the problem of kindergartens for children aged between three to seven. It is a major achievement of our social policy in the past year. As far as I know, there are places for 89 percent of children in this age group in kindergartens. But we do not have enough day nurseries.

We must have nurseries for young mothers who do not wish to interrupt their careers or would like to have one. We need a ***programme*** and a package of measures. I can tell you that we have ***plans*** for a government meeting to discuss this issue. I will not speak here about the measures we will discuss, but they are on the agenda.

Tatyana Remezova: Thank you, Ufa, and congratulations on the birth of a new citizen of Russia. It is a wonderful event. While we were answering your question, we received a question from Tatyana Prokopenko in Kabardino-Balkaria. She is asking about your grandchildren. How old are they, and what are their names?

Vladimir Putin: You know, my children, my daughters, despite all the rumours, live here in Russia, in Moscow. I have grandchildren and they live a normal life too. My daughters are involved in science and education and they stay out of the public eye, out of politics and live normal, everyday lives. As for my grandchildren, one of them is already in kindergarten.

The thing is, you see, I do not want them to grow up like some royal princes. I want them to live like ordinary people, and for this, they need to have a normal environment and ordinary interaction with other children. The minute I give their names and ages, they would be identified immediately and would never be left in peace, and this would be quite simply detrimental to their development. Therefore, everything is fine, and I ask you to understand me correctly and show understanding for this position of mine.

Tatyana Remezova: We understand you and we congratulate you on being a grandfather.

Vladimir Putin: Thank you. My second grandchild was born recently.

Tatyana Remezova: Congratulations!

Dmitry Borisov: You said that the maternity capital ***programme*** should be expanded. We have received many messages from mothers in the regions asking for the new law to allow them to spend the maternity capital on purchasing a car, which is often an essential thing for large families.

Vladimir Putin: Yes, there have been frequent discussions on the possibilities of spending the maternity capital, which today comes to slightly more than 450,000 roubles. The maternity capital was not indexed over the last couple of years, the last three years even. This is something we must do and we will come back to this.

As for whether this money could be put towards other purposes, this is something we can reflect on. The only thing that has always worried me is that the money will be simply wasted and the mother, family and children will not receive the benefits of this state effort. This money is destined above all for improving housing conditions. Yes, this money is probably not enough to buy housing, but it can help towards buying it. Young families can also join one of the regional ***programmes*** for supporting young families and spend the money through these ***programmes***. Alternatively, it can be spent on health or education. These are the main priorities.

Given the main issue people face today - the drop in incomes - we could perhaps take the simple approach of making it possible for part of the maternity capital to be given directly to the family, only part of it, to support families with two or more children. Perhaps this would be more effective than allowing people to spend it on something that is not a priority and then see it wasted, possibly the item being sold, and even at a loss. Perhaps it would be better to let people have part of the money in today's circumstances. We will reflect on this.

Dmitry Borisov: Still, maternity capital is a lot of money - 450,000. But child benefits, as they report from various regions, are paltry: 183 rubles or 200 rubles.

Vladimir Putin: I am sorry. One of our colleagues, a doctor, has already asked a question about benefits. Yes, they are small. Indeed, they are, but we had a choice: either to increase the benefits or keep maternity capital. We opted for keeping maternal capital. It is a major financial commitment for the government, but it is a more effective tool. Still, we need to think about benefits, too.

Dmitry Borisov: I would like our guests in the studio to join in the conversation. Nailya Asker-zade. Please go ahead.

Nailya Asker-zade: There are representatives of small and medium-sized businesses among our guests, and they complain about problems with financing. One of the business leaders here, Alexander Kychakov from Novosibirsk, develops residential neighbourhoods.

Mr Kychakov, your question please.

Alexander Kychakov: Hello, Mr President!

The business community is often confronted with one and the same problem: although banks declare interest rates of 11-12 percent, the actual rate in our particular case reaches almost 19 percent - 18.75 - through additional mark-ups and charges required to open credit lines, to maintain limits, or to meet restrictions. With such rates, as I mentioned, we will not be able to build a new economy, and unfortunately, business is unlikely to be as profitable as we would have liked. I would like to ask a question. My colleagues will confirm: we just sat here and talked with Maxim, who owns an equipment-making business. I would like to know: do your ministers report to you on the real state of affairs with the financing of small and medium-sized businesses, and whether the Government ***plans*** to do anything with the level of interest rates and take steps towards solving the problem of ensuring growth and access to financing.

Vladimir Putin: Excuse me, what is your name?

Alexander Kychakov: Alexander Kychakov.

Vladimir Putin: Alexander, this, of course, is one of the key problems - the interest rates and the availability of loans. We have the head of the Higher School of Economics here, who would probably explain this to you, even more professionally than I would, especially since he is close to the Governor of the Central Bank.

Why does this happen? Of course, the interest rate always corresponds to the level of economic development. This is one of the key things that affects the country's macroeconomic stability. We had to act based on inflation, which surged to 12.9 percent. The Central Bank was forced to raise this rate, otherwise it would have sent the economy tumbling, but it is reducing the rate gradually, as you know, it is now 12.5, and the rates of commercial banks are also falling. True, the Central Bank promised us that this year the volume of financing from commercial banks will be increased to around 6 percent.

What is happening today? Today, the average weighted rate for corporate borrowers is 11.5 percent. Small businesses probably have to pay a higher interest rate, 11.5 percent is the average figure. Incidentally, regarding this and other subjects we will be discussing, I would like to apologise right away to people who say, "What does the average weighted indicator mean for us? This is like calculating the mean temperature of hospital patients. Some people have bigger loans or lower incomes, and few are what you call average." We need some kind of reference point. What does an average weighted interest rate mean to us? Clients whom the banks view as reliable, stable, transparent and with a good credit history can borrow at even lower rates, while at-risk borrowers can take out loans only at a higher interest rate. As I have already said, we are talking about an average interest rate of 11.5 percent for corporate borrowers and 15.5 percent for individuals. Nevertheless, mortgage lending is on the rise, through all the initiatives to facilitate lending.

I very much hope that the Central Bank continues to move cautiously towards reducing the key interest rate.

Why has the Central Bank adopted such a cautious approach? Unfortunately, the Russian economy still depends on oil and gas. The price of natural gas depends on the price of oil, and a special formula is used to calculate it. The price of oil has recently exceeded $50, and today it is only $48, I think. The Central Bank believes that if it declines, the key interest rate would have to be adjusted. What matters most for us right now is not the key interest rate itself, but avoiding any sharp fluctuations in the key interest rate. We need to ensure a stable exchange rate for our national currency, the ruble. This is what underpins the Central Bank's cautious approach. Some may like it, others may not. I am simply trying to explain the Central Bank's logic. It deserves respect.

There is no doubt that small businesses should be supported. I will not go through all the mechanisms we have in place for supporting SMEs, you probably know them, and these mechanisms should be further improved.

We also have to create incentives for the banking sector to act more aggressively. One thing to keep in mind is that profits of private banks are on the rise and have exceeded 650 billion, which is a substantial figure. At the same time, this kind of growth does not translate into more lending. In fact, corporate lending has increased by only 0.7 percent. The rise in consumer lending was somewhat more pronounced, but this is not enough. We have to work together and be cautious so as not to shake up the macroeconomic landscape. This is the foundation of Russia's financial system and its entire economy.

Tatyana Remezova: Let us hear from the call centre. Maria Gladkikh.

Maria Gladkikh: Thank you.

Mr President, the geography of calls is all over the map. We get many calls from the CIS and beyond. Our editors are telling me we have a call from Kiev.

Dmitry, please ask your question.

Question: Good afternoon. My name is Dmitry, and I live in Ukraine.

Why did you abandon us? Not everybody in Ukraine supports Bandera and Shukhevych. We honour the memory of our ancestors. We march with the Immortal Regiment. Why does Russian television smear us all with one colour?

Vladimir Putin: Thank you very much for your views and for valuing our shared history. You just mentioned the Immortal Regiment. We do see and appreciate that, believe me. And I cannot agree with you that Russian television smears everybody with the same colour, black.

Overall, we make sure not to paint anyone black. But we are cautious about giving you excessive public support, which could actually harm you. We try not to interfere in Ukraine's domestic affairs.

Once again, trust me, we can and do highly appreciate your stance. Thank you for your call.

Tatyana Remezova: Mr President, what do your friends say on this topic? For example, Viktor Medvedchuk, who was actively involved in the exchange of POWs in Donbass?

Vladimir Putin: You know that we have many allies in Ukraine. You just mentioned Viktor Medvedchuk. I met him when he was Chief of Staff of President Kuchma's Administration. He mainly cooperated with Dmitry Medvedev, who was Chief of Staff of the Russian Presidential Executive Office. They are still on very good terms.

Medvedvchuk has his own beliefs. My opinion is that he is a Ukrainian nationalist but he does not like this description. He considers himself to be an enlightened Ukrainian patriot. It is not a secret that his father was an active member of the Organisation of Ukrainian Nationalists and was convicted by the Soviet court, went to prison and then was exiled to the Krasnoyarsk Territory, where Medvedvchuk himself was later born.

He has his own views on Ukraine's independence. He is, of course, an ardent supporter of Ukraine's independence but his belief system is based on fundamental treatises of those whom we can hypothetically describe as Ukrainian nationalists and who wrote their treatises in the 19th century and later on. These are Grushevsky, Franko, Dragomanov and the like. Then comes the man of our time, Chernovol.

All of them - I would like to emphasise that all of them proceeded from the premise that Ukraine should be independent but as a federal state. Moreover, one of them wrote that excessive, "mechanical" centralisation, as he put it, would lead to internal conflicts in Ukraine and this is, actually, what we are witnessing today.

But Viktor Medvedchuk is upholding their view; he is doing this on-the-record in his public speeches and papers. He is involved in scholarly studies. He writes articles and he does all this publicly. Probably, some people in Ukraine do not like this but such is his position.

Incidentally, these fundamentalists of Ukraine's independence and Ukrainian nationalism - some of them did not see Crimea as part of Ukraine at all, but this is apropos. At any rate, all of them favoured federalisation, greater freedom of the individual and democratic development of the Ukrainian state.

Mr Medvedchuk shares this viewpoint but that said, he stands for very good relations with Russia, for economic integration, if not for some form of union. He says it is absurd to destroy the advantages we inherited from the past, referring to the common infrastructure, common energy grid and common financial and technological potentials and cooperation. It is absurd to destroy all this.

He believes economic cooperation is not only possible but also rational. He is acting or rather formulating his ideas proceeding from the interests of his people, the way he sees them. So he is not alone.

We have just heard from Kiev or from Ukraine anyway, from a man who told us that he is taking part in campaigns linked with our common memory. Such people as Medvedchuk are also doing this. He also thinks we should cherish our common past and all the positive events of the past.

Yes, he is involved in the exchange of detainees, prisoners of war, if we could call them that, and he is doing this on instructions from Ukrainian President Petro Poroshenko.

Dmitry Borisov: We have a follow-up to the Ukraine theme.

Here is a question that came through VKontakte social network. "Ukraine widely celebrated the beginning of visa-free travel with Europe. President Poroshenko referred to this as bidding the final farewell to the Russian Empire. After that, he quoted Mikhail Lermontov's poem, "Forever you, the unwashed Russia! The land of slaves, the land of lords ..."

Would you like to answer him?

Vladimir Putin: No, I did not see his remarks on this account. However, I was told about them yesterday, I will not hide this fact. Indeed, Mr Poroshenko thought it fit to read this excerpt from Lermontov's poem, "Forever you, the unwashed Russia! The land of slaves the land of lords, and you, the blue-uniformed ushers, and people who worship them as gods." First, this tells us that he is familiar with the Russian classical literature, and takes an interest in it. I commend him for that. However, this is not the end of this poem. There is the second part, which runs as follows: "I hope, from your tyrannic hounds to save me with Caucasian wall, from their eye that sees through ground, from their ears that hear all."

Mikhail Lermontov was a forward-looking man, and he wanted the political situation in Russia to improve. He was smothered by the atmosphere that prevailed in Russia at that time. And he talked about it openly.

First, if it was Mikhail Lermontov who wrote this poem, he wrote it approximately in 1841-1842, if memory serves, when he was headed for the Caucasus to join the active army. He was an officer and defended the interests of his homeland. He was a brave officer.

Further, at that point, the regions that are considered Ukraine today were Russia's regions, and if the President of today's Ukraine quotes Lermontov as saying that he is leaving for some other place, Lermontov referred to entire Russia, including the areas that today are known as Ukraine. So, there is nothing special to brag about here.

Also, Lermontov was going to the Caucasus, which was part of the Russian Empire at that time. He moved from one part of the empire, St Petersburg, his native land, to another part of the Russian Empire. He was not going anywhere outside of Russia as a matter of fact.

Perhaps, Mr Poroshenko is thus sending us a message that he is not going anywhere, either. However, he does it so finely, looking over his shoulder at the jingoists and the real nationalists, numbskulls running around waving swastikas. However, he is telling us: guys, I have my interests in Russia, and I am really not going anywhere. This may be the case as well.

Of course, this is nothing but conjecture. In fact, most likely, Mr Poroshenko wanted to show his voters that he is delivering on his promise by making a civilisational choice, as the Ukrainian leadership puts it, by leading the country towards Europe.

By the way, remember the line, "the blue-uniformed ushers, and people who worship them as gods?" The place he is taking Ukraine to has more blue uniforms than our country. So, he should stay alert to keep out of harm's way and look around carefully.

To be sure, we have nothing against these guys. I want to say: we have nothing against you, live in peace and harmony, and good luck to you, especially with new recruits.

As for the core of the matter, you know that incomes fell here a few years back, and this is something we speak about frankly. Our average wage, if we put it in dollars rather than convert between rubles and hryvnia, was around $540 a month. Wages in Ukraine were similar, with an average of somewhere in the range of $450, $457, or $460. Wages here have not grown much, but they have grown, and the average was $624 a month in April this year, while in Ukraine, they have dropped to $251 a month.

At the same time, gas prices have at least tripled, and households are paying even higher prices. Cold and hot water costs have also risen, by 200 percent each, and pensions have decreased by 45 percent. If this situation continues, many people in Ukraine will face sanitation and hygiene issues.

Who gets to wash, where, and how often will become a big issue. Of course, Russian and Ukrainian literature both offer memorable and blunt examples that I could use to respond to Mr Poroshenko, but I will not do this out of respect for the Ukrainian people and for our common history and common faith.

If someone wants to become a European, they should first close their offshore accounts and then talk about the good of their people. In this respect, one quote comes to mind. I cannot quote it exactly, word for word, but I can convey the message.

Close to 170 years ago, Taras Shevchenko said, "Ukraine has fought to the point where it suffers more at the hands of its own children than it ever did at the hands of the Poles". I hope that this period in the life of Ukraine and its people will end.

Tatyana Remezova: We have a question from the Stavropol Territory. One of our crews went to the author of this question in Krasnokumskoye, a village that was badly damaged by the May floods this year. We have our colleague Mikhail Akinchenko there.

Mikhail Akinchenko: Good afternoon.

The weather has created many problems for people in the Stavropol Territory. Even today we have been bothered by rain. Of course, it is much lighter than the showers that hit the region in late May and resulted in the worst floods in 50 years. Krasnokumskoye was one village that was badly affected. The overflowing Kuma River flooded some 400 buildings and household plots.

Locals recorded the flood on their smart phones. You can see what happened at the site where we are now. It was flooded for about three days, and the water was about a meter deep or even more. Three weeks later, many people still cannot return to their houses. They are damp and the walls are cracked, so it is unsafe to live in them or even go inside, like this house. The owner, Valentina Sokovskaya, called Direct Line to ask a question. Valentina, what are you doing now?

Valentina Sokovskaya: I am putting away the children's stuff because it will get more damp and smelly if I leave it here. I will move it to save at least some of it.

Mikhail Akinchenko: Valentina, I know that you have been promised financial assistance for repairing this house or for buying a new one. I see that you are not doing anything yet. Why? You can share your problem with the President, who can see and hear you. Tell him.

Valentina Sokovskaya: Hello, Mr President. There is not much to tell. I have not received any money from the government. The walls are cracking, the ceiling is shifting, and the plaster is crumbling. The house has cracked on all sides.

We are waiting for the inspection commission; we cannot do anything until it comes. But the commission will not come until we pay an architectural fee of 6,000 rubles. Also, we must pay 1,800 rubles for certificates to prove that we have nowhere to live. But there are four owners in this house, which we bought with maternity capital, and the total we have to pay is high, about 15,000 rubles. We don't know what to do. We are living with friends, and we have sent our children elsewhere. I have three children, but I only have the youngest with me. My daughter is in a health camp and my son is with my relatives. But I don't know how long this can last. It's good that it's summer and we have friends, but what will we do in the autumn and winter? Frankly, we are at a loss.

Vladimir Putin: I see.

Valentina Sokovskaya: We hope that maybe you will be able to help us in one way or another.

Vladimir Putin: Excuse me, what was your first name?

Valentina Sokovskaya: Valentina.

Vladimir Putin: Valentina, what you have just said is very strange. I simply cannot get my head around it. Can I ask you whether you received the 10,000-ruble allocation and 50,000 rubles for partial loss of property?

Valentina Sokovskaya: No, we have not received anything so far.

Vladimir Putin: Nothing at all?

Valentina Sokovskaya: I am not the only one in this situation. There was no aid.

Vladimir Putin: This is very strange, since the funds for helping the affected families were transferred from the federal budget to Stavropol Territory. I would like to ask the Governor of Stavropol Territory, where did the money go? This is the first thing.

Secondly, I would like to ask the Prosecutor General's Office to check how the work is proceeding.

Thirdly, the fact that you are asked to pay fees to architectural agencies or for receiving certificates of some kind is total nonsense.

You are entitled to 10,000 rubles for your immediate needs, another 50,000 rubles for partially lost property, and 100,000 rubles for unrecoverable property. The municipal, city and regional authorities must deliver all the relevant certificates free of charge, without shifting the burden on to you. We have decided on these allocations of 10,000, 50,000 and 100,000 rubles in order to help people, and did not intend to get the money back by charging people for certificates. This is complete nonsense. Be assured that we will look into this.

Valentina Sokovskaya: Thank you very much.

Vladimir Putin: I hope that the Governor visits you as soon as today.

Valentina Sokovskaya: We hope so too.

Vladimir Putin: He should look into this situation.

Tatyana Remezova: Thank you very much. We will wait for a response.

We are now travelling from the Stavropol Territory to Rostov-on-Don. Our colleague Anton Vernitsky is reporting from outside the new Platov Airport.

Anton Vernitsky: Platov Airport, which is currently under construction 30 kilometres from Rostov-on-Don, was named after Matvei Platov, a prominent chieftain of the Don Cossack Army and hero of the 1812 war. The airport is 90 percent completed and will receive its first flight in December.

Why is this project unique for Russia? While other Russian airports were upgraded or restructured, this airport was built from scratch. Only three years ago, there was nothing here. Now there is a facility that can receive up to 5 million passengers a year. It is equipped with state-of-the-art equipment. Nine jet bridges. Those who saw the old Rostov-on-Don airport where our crew arrived will notice the difference immediately. The old airport does not even compare to this.

Why are we here? Almost 3,000 construction workers and engineers are working here on a daily basis. Alexander Serov is a future member of the staff. He will be receiving passengers. For now, he works at the old airport. He sent his question to Direct Line, and we called him away from his work and invited him here to ask his question to the President in person.

Please, go ahead.

Alexander Serov: Good afternoon, Mr President.

Before I ask my question, I would like to invite you to the opening of Platov Airport next December. We really hope that the completion of such an ambitious and perhaps unique project will not go unnoticed by you.

Now, let me ask you a question. My colleagues, my friends, a large number of passengers and I cannot fly directly between Russian cities. The itineraries require transit via Moscow airports. Passengers have to make a stopover in Moscow and lose precious time or instead travel by train or by car. Are there ***plans*** to expand the domestic flight network to connect our regions directly?

Thank you very much.

Vladimir Putin: Alexander, you have raised one of the most urgent issues both as regards transport accessibility and preserving the unity of our territory. Our people must have the opportunity to move within regions not via capital cities. You are absolutely right.

However, regrettably, this network collapsed completely here in the 1990s and early 2000s. As you know, for several years we have been working to restore it and put it on an entirely different footing. However, distances in the Far East and Eastern Siberia, where this issue is particularly urgent, are great while the population is not big enough to fill up large airliners. So the economics of interregional flights is difficult. Everything has to be subsidised. But we have set up, I think, seven public enterprises to organise interregional domestic flights. This is the first point. They are operating and I am hoping we will expand their activities and number to other regions of the Russian Federation. This is the first part.

The second is the expansion of the airport system, the number of airports. I think we have 230 or 232 airports in all, and a whole ***programme*** to develop the airport network. We will continue working on it and funding it.

The third matter is the availability of adequate equipment because, let me repeat, even if you build an airport... By the way, we will have an absolutely new airport that will be built from the ground up in the open country for the first time in Russia's recent history. Importantly, it is being built using the latest methods and technology. This is vital for transport infrastructure both at the national and regional levels.

However, for a flight from Rostov to Sochi, for example, neither a Boeing nor Il-96 could be filled up. We need small planes and they must be of different haul - those that cover 400-500 km, 1,000-1,500 km or from 2,000 to 4,500 km. We are now localising the production of small modern aircraft that have earned a good reputation with a view to ***producing*** them in Russia.

We also want to bring back a slightly bigger aircraft - the Il-114, I think. Regrettably, the Government did not find the money and I will reprimand them for this. They did not find the funds to develop this aircraft that is critical for us, considering our vast territory.

Nevertheless, we found an opportunity and earmarked several dozen billion from Rosneftegaz for the relevant ***programme*** designed for several years. This aircraft will be manufactured at a modern facility in the Moscow suburbs and I hope very much that everything will be done on time. In any event, I am almost certain that we will make it. At any rate, we know about this and will continue working to fulfil this extremely important task.

Tatyana Remezova: Thank you, Rostov.

Now let us give the floor to our guests again. Olga Ushakova's section, please.

Olga Ushakova: Thank you.

Mr President, we have representatives of the creative intelligentsia here today, our favourite actors, directors, who certainly have questions for you, things they want to ask.

I would like to give the floor to Sergei Bezrukov, National Artist of the Russian Federation and artistic director of the Moscow Gubernsky (Provincial) Theatre. Please go ahead.

Sergei Bezrukov: Good afternoon, Mr President!

First, I would like to thank you for your work on children's issues. On May 29, you signed the Executive Order On the Decade of Childhood. We are grateful for this, and for the support of children's theatres. We have discussed this at the forum in Omsk. Thank you so much. I hope that it will be annual, because they do need support.

So, the question that really worries us, my colleagues and me, I cannot help but ask it. Something monstrous is happening, as I see it, with regard to Alexei Uchitel's film - I am sitting next to him, but I will take it upon myself to explain - the film Matilda.

At first, we thought it was a joke. But then, when checks and inspections began, when people who have not even seen it tried to ban it...

Also there was the Gogol Centre and the incident with Kirill Serebrennikov. Kirill's place was searched, then the theatre, and in no time rumours started about attacks on freedom of speech, freedom of artistic expression, freedom of creativity.

Who needs this? Certainly not you. But it looks like someone is trying to create negative feelings toward the authorities among cultural figures. I would like to hear your opinion on this matter.

Thank you.

Vladimir Putin: We have a big and complicated country, with many people with various views, various points of view, various assessments. There used to be many films featuring the imperial family in former times, I mean they concerned, in one way or another, the imperial family, Rasputin and so on.

There was a lot of that. Those films were much more hard-edged, I would say, than what your neighbour did, Mr Uchitel. I know him personally, and respect him as a person who is very patriotic, for all I know about his views, and who does very talented things. But I would not like to interfere in his dispute with State Duma deputy Poklonskaya. She also has the right to her point of view.

You said that they are trying to ban the film. No one is trying to ban it. She has a stance, she is trying to defend that stance by appealing to various authorities, but no prohibitive decisions have been made on this matter, as you know.

I am really counting on continued open dialogue in our society, but I urge everyone to maintain dialogue within the bounds of decency and, most importantly, within the framework of the law.

Mr Uchitel wants to say something. Yes, please.

Alexei Uchitel: I will not criticise or praise anyone.

Mr President, the absurdity is that - well, one certainly can express their point of view, when they see something. But when I saw Ms Poklonskaya on June 12, I invited her to see the film. She refused. This is what I see as absurd.

I would think that the Duma has, for example, a Committee on Culture headed by the amazing director, Stanislav Govorukhin, where they could deal with this issue. But sending ... Why waste government money on sending the Prosecutor's Office, the Treasury, the Accounts Chamber to inspect us first? They all do the same thing. We show the document that everything has already been checked and everything is in order, and they are doing the same thing.

I would say incitement to this is unacceptable.

Vladimir Putin: Yes.

Dmitry Borisov: Natalia Yuryeva is ready to join us.

Natalia Yuryeva: Thank you colleagues.

This year, for the first time in real time we can see how social network users are reacting to our ***programme***.

NTV launched the hashtag #watching the line a few days before the ***programme***, and we now have 120,000 messages. Another 365 messages have come in as I was speaking.

People say that the internet audience does not watch TV, but we see here that this is just an opinion and nothing more. The most active users live in Moscow, Nizhny Novgorod Region, and Krasnoyarsk Territory.

Let us see now on the screen the post that drew the biggest number of likes. Here it is: Krasnoyarsk residents are waiting to be resettled from khrushchyovki [Khrushchev-era 5-storey apartment blocks]. If Muscovites oppose the ***plan***, try the experiment on us. Hashtag #watching the line.

I suggest we now take a video question that has come to the call centre.

This is a video call via the OK Live service. Hello, you are on. Please put your question to the President.

Question: Hello, Mr President.

I have a category-one disability. My name is Klavdiya and I live in Orel. Could you tell me please why those entitled to federal benefits in this area are not receiving their medicines in full? Why are we forced to fight for our medical provisions in courts? For six months now, I have not been receiving the medicines I need: Cinacalcet, paracalcitol, and mircera.

Vladimir Putin: I heard your question. This is odd to me too, because the federal authorities have ensured full funding for the acquisition of these medicines. There could be some problems related to delayed purchases and delays in...

Remark: I have appealed repeatedly to Vadim Potomsky and Alexander Lyalyukhin, but I am always told that under Federal Law 422, federal beneficiaries will again receive 707 rubles and 22 kopecks and they cannot provide us with the full range of medicines for this money.

Vladimir Putin: We will look into what they can and cannot provide. There are some medicines and some illnesses, the so-called orphan diseases, which I know for certain receive federal funding and are covered in full. Let me say again that there can be glitches due to delays in holding tenders and purchasing these medicines. But there should be enough money for all of these medicines. I promise - the main thing is to remember where you are, I understand that you are in Orel -we will definitely look into this situation.

Remark: Thank you very much.

Can I ask another question?

Vladimir Putin: Go ahead.

Question: Mr President, could you please enact a law so that patients can be transported for haemodialysis from their homes and back?

Vladimir Putin: I remember that this issue was raised last year, including the possibility for providing this treatment at home.

As for transporting patients, I have to be honest that this is the first time that this issue has been put to me this way. I promise you that we will definitely look into it. We will also think about the transport issue. Of course, this will require additional spending, but this is a very sensitive topic and a very important thing for people who are suffering from diseases of this kind. Be assured that we will look into this and do our best to find solutions.

Remark: Thank you very much. It was a great pleasure and honour for me to be able to talk to you.

Vladimir Putin: Thank you, Klavdiya, for this call.

Dmitry Borisov: I would like to thank the call centre.

And now we are live at the Baltic Shipyard in St Petersburg with our reporter Dmitry Vitov.

Dmitry Vitov: We are at the Baltic Shipyard's outfitting quay, where the construction of a unique vessel, the Arktika nuclear icebreaker, is about to be completed. It will be a successor to the legendary Soviet icebreaker which was the first surface ship to reach the North Pole in 1970s. This new icebreaker was floated out last year, and the nuclear reactor has already been installed.

Mr Ryzhov, as you were telling me, what is its overall propulsion power?

Yury Ryzhov: The icebreaker's overall propulsion power is 60 MW.

Dmitry Vitov: So the foreign newspapers are right when they call it the biggest and the most powerful icebreaker in the world?

Yury Ryzhov: This is the largest and the most powerful icebreaker in the world with the highest icebreaking capability.

Dmitry Vitov: Mr Ryzhov works in the shipbuilding department. I hope that you will not take it as an offence if I call you an elder of this plant. How many years have you been working here?

Yury Ryzhov: I am one of the oldest employees here. I have been working at this plant for about 50 years.

Dmitry Vitov: The history of the Baltic Shipyard goes back 160 years. Your career lasted one third of its history.

Mr Ryzhov has told me that the Baltic Shipyard has always been regarded as a unique experimental facility. It built the first metal ships and the first Russian submarine a hundred years ago. It also built gunboats and battleships. It did not stop working during the Great Patriotic War, when it built barges for the Road of Life. In the 1990s, which was yet another difficult period in Russian history, the shipyard built heavy nuclear-powered missile cruisers such as the Pyotr Veliky, which are serving in the navy.

The people I have talked with told me that the most difficult time in the shipyard's history was the early 2000s, when private owners almost bankrupted the shipyard, because they only wanted the land on which it stands on Vasilyevsky Island in the centre of St Petersburg. They probably wanted to build luxury housing or malls here. But the government has saved the shipyard. Right?

Yury Ryzhov: Yes, you are right. The early 2000s was probably the most difficult time for the plant and its personnel. The number of people working at the plant dropped from 12,000 at the best of times to 3,000. The shipyard stopped building high-tech nuclear-powered battleships and only turned out unpowered bulk oil barges. The situation is improving now, thanks to the state and the President. We have a thick portfolio of state contracts until 2021.

Dmitry Vitov: Mr Ryzhov, you can ask the President your question.

Yury Ryzhov: Good afternoon, Mr President.

Vladimir Putin: Good afternoon.

Yury Ryzhov: I have a question from the Baltic Shipyard staff and myself. What will happen to the plant? What could we do in light of the Government's Arctic development ***plans*** and Arctic projects? Will you use the shipyard's rich, unique experience of building nuclear-powered vessels? Do you have modernisation, construction or further development ***plans*** for the plant? Thank you.

Vladimir Putin: The Baltic Shipyard is a flagship of our shipbuilding industry. You just spoke about the history of the shipyard. I know about the difficulties the plant faced in the 1990s and the early 2000s. When I worked in St Petersburg, we tried to support it and make sure it got orders. By the way, we managed to keep the plant going, and it was also helpful for the Navy. Those rough attempts to privatise the Baltic Shipyard are, thank God, in the past. I am talking about rough and fraudulent schemes.

Nowadays, the United Shipbuilding Corporation is growing, and the shipyard is developing. And it will keep developing. We saw you near the new Arktika nuclear icebreaker. Our ***plan*** is to build four icebreakers of this class. I think you know about this. The first one is the Arktika; then there will be the Sibir and the Ural. They all have a high power of 60 MW. By 2025, another icebreaker class will be developed, even more powerful, twice as powerful as those that I just mentioned, one of which you are finishing. The new class will have a power of 120 MW. If the first class breaks ice up to three metres thick, the Lider will be able to deal with unlimited amounts, any thickness. All this is due to the latest technology which the Baltic Shipyard is mastering very fast thanks to its prior experience and the opportunities of modern developments.

Therefore, what can I say? We have included the necessary funds in the budgets. The prospects for the Lider are more distant and the funding options are not yet clear, but I am certain we can accomplish this.

I want to point out that nuclear icebreakers of this class are not built anywhere else in the world. Russia has them because we need to operate in the Arctic. As you said, we need to establish ourselves there, and we will do it. There will be plenty of work for the shipyard. I am certain the plant will not only retain its team but also expand it. I wish you all the best.

Tatyana Remezova: Mr President, I have a question coming from the website of our ***programme***: why are we so focused on the Arctic? For the past 20 years, no one spoke about it, and today we see Arctic troops even at the Victory Day parade. A lot of money is spent on the Arctic. Why is this being done?

Vladimir Putin: While we are on this subject, what else can I say? I have already started talking about this. The Arctic is an extremely important region, which will ensure the future of our country. Mikhail Lomonosov once famously said that Russia would expand through Siberia. I can say with confidence that Russia's power and capabilities will expand as we develop the Arctic region.

As I mentioned at a meeting held in the Arctic, by 2050 about 30 percent of all hydrocarbons will be ***produced*** in the Arctic area. Some of our major projects are already being implemented there with NOVATEK building a plant, a company town, an airfield, and a port in the Arctic zone. Production has already begun in the Arctic.

Therefore, from an economic point of view, this is critically important. Especially so if the climate is going to change. Despite a cold spell in Moscow, the global warming trend will continue, meaning that the navigation period in the Arctic zone will get longer. In turn, this means that the Northern Sea Route will be used much more actively than now. The navigation period will go from the current one or two months to four and even five months.

The so-called non-regional powers are showing an active interest in this region. That is a good thing, and we are willing to cooperate with them, but we must ensure our priority interests.

I went to Franz Josef Land recently. The people who work there told me that many tourists go there, including those from other countries, and some tour guides have already told tourists that these islands used to be part of the Soviet Union.

This should put us on alert, as it is our territory. So, we need to ensure the use of these routes, develop our economic activity in these areas, and ensure our sovereignty over these territories. Let us not forget about the purely military aspect of the matter: it is an extremely important region from the point of view of ensuring our country's defence capability.

I do not want to stoke any fears here, but experts are aware that US nuclear submarines remain on duty in northern Norway, the time it takes a missile to reach Moscow is 15 minutes, and we need to have a clear idea of what is happening there. We must protect this shore accordingly, and ensure proper border guarding.

On top of everything, from the point of view of ***strategic*** weapons, the flight route of the ground-based missiles located in the United States passes precisely above the North Pole. I hope it will never come to that, but since we are aware of it, we just need to make sure that the missile warning system and the missile launch control system are in place.

This is what the Arctic means to us. We had not engaged in this work before not because it is unimportant, but because we were unable to afford it. We just let it go, as, unfortunately, we did many other things that are critically important for our country. Now we are back to it, I hope, for good.

Dmitry Borisov: We can now go back to St Petersburg so that you can ask a second question.

Dmitry Vitov: We have been able to get a glimpse of people working at the plant. These are incredible people. Not everyone would be able to work in these conditions.

For example, welder Alexei Bogdanov has been telling me that while you can learn the welding profession elsewhere, it is only here that shipyard welders work, on the building berths and the outfitting quay.

Apart from professional matters, local workers, just like St Petersburg residents in general, have questions on broader issues. Ivan Brattsev is a worker who builds icebreakers. Ivan, you have a question. Go ahead.

Ivan Brattsev: Good afternoon, Mr President.

We work in the Baltic Shipyard, where we build the most powerful and the largest icebreakers in the world. However, my question is not related to industrial matters. Many residents of this wonderful city, myself included, are eager to hear your personal perspective on the future of St Isaac's Cathedral.

As someone who was born and grew up in St Petersburg, do you think that it would be right for the city to keep the cathedral and preserve it as a museum and an architectural landmark or transfer it to the Russian Orthodox Church?

Vladimir Putin: I did not expect this question, especially from the Baltic Shipyard.

What I can say is that Russia is a secular state. This is the way it was created, and it will stay this way. This is my first point.

Second, after the October Revolution, the state went to great lengths to destroy our spiritual and religious roots, and was unwavering and cruel in pursuing this objective. Many churches were razed to the ground.

Back then the state attempted to come up with a quasi-religion and replace the Bible with the Moral Code of the Builder of Communism. It did not work. Many cathedrals were demolished; many priests perished, were killed, sent to camps or executed by firing squads.

And the traces of what happened back then are all around us. Here in Moscow, not far from where we now are, the Cathedral of Christ the Saviour was razed to the ground. It was not uncommon for churches to be used as stables or workshops. Thank God St Isaac's Cathedral was spared.

You know, of course I looked into this issue. It is true that this cathedral never belonged to the Church. Throughout its history it was operated by the state. However, the Tsar used to be the head of the Church, so if we see it this way, the Church did own the building. It was built as a cathedral, as a church, not a museum. It was intended for worship, for people to pray there.

And what did they do there in the Soviet days? They set up Foucault's pendulum to demonstrate the rotation of the earth. In fact, it was a museum of atheism, a quasi museum of atheism. In a sense, it was a subtle mockery of people's religious feelings. However, hundreds of thousands, millions of people, including foreigners, visit it. There is no getting away from this fact.

So yes, we have a law passed, I believe, in 2010 on the transfer of religious buildings to religious organisations, and we are supposed to enforce it. At the same time, we have international obligations and other laws that ban the transfer of architectural landmarks under UNESCO protection. There are some disagreements, but I believe we can easily overcome them if we ensure both museum activity and the exercise of religious beliefs. I do not want to jump ahead of myself, but such solutions have been found in other countries. Say, St Peter's Basilica in the Vatican - people go there and there are guided tours.

Therefore, it is important to depoliticise this problem, to stop thinking about it as such, to respect people's religious feelings and never forget that this building and structure was built as a church, not as a museum. Nevertheless, it should retain its function as a museum, of course.

How can these interrelations be fostered? As a matter of fact, it is not so difficult. Simply, there should be no agitation, no exploitation of this issue. People should not be provoked and used as a tool in some petty internal political squabbling.

Dmitry Borisov: The call centre again, Maria Gladkikh.

Maria Gladkikh: Yes, colleagues, our statistics show that women are more active: 62 percent of those who have called are representatives of the fair sex. And now an urgent question from Svetlana Romanova in Chelyabinsk.

Good afternoon, you are on. We can hear you.

Svetlana Romanova: Good afternoon, Mr President,

I have a vegetable plot. I have been using it since 1981. A cottage was built there. No construction regulations were violated. A natural gas pipeline is more than 100 metres away from the plot.

In 2014, a bylaw was passed extending the exclusion zone from 100 metres to 150. As a result, many vegetable gardeners received a court summons and were ordered to tear down their houses without compensation. Is that legal? Will there be a law to protect us?

Vladimir Putin: Well, I am returning to the subject of Balashikha once again. Housing was built near the rubbish dump that had been there for decades. Now residential units were built near pipelines. Then they decided to expand the restricted area and are trying to evict residents. Is this fair or not? This is unfair.

I think this law must be changed. In any event, those people that already live in these buildings must be left alone. Of course, it is necessary to do everything for their safety, but they must be left alone.

It is possible to prohibit the construction of new buildings in the 150-metre area, but those who already live in the 100-metre area must be left alone. I will do everything to encourage the adoption of this decision.

Dmitry Borisov: We have been on the air for a third hour running. Natalya Yuryeva is collecting video messages, among other things, in the call centre.

Natalya Yuryeva: Our next question comes from Jeremy Bowling from America, who not only sent it to our editorial office but also posted it on YouTube. There were heated debates in the comments on this video call - will we put it on the air or not. Even bets were placed. I betted on the positive answer. Just kidding. By the way, Jeremy Bowling said himself that we were unlikely to put it on the air. But let us still listen to it.

Jeremy Bowling: Greetings, Mr Putin. My name is Jeremy Bowling. I live in Mesa, Arizona in America. I am a big supporter of you. I am very pro-Russian and I wish you much health and success in your life. My question to you is this. As an American who sits here in America and sees the racist Russian phobia running crazy in my country, what advice would you give me to help set the record straight, to help my fellow Americans understand that Russia is not the enemy?

Vladimir Putin: To begin with, I am very grateful to you for this call. And I can tell you as the current head of the Russian state that I know the attitudes of our people. We do not consider America our enemy. Moreover, twice in history when we were going through very hard times, we pooled our efforts; we were allies in two world wars. In the past, the Russian Empire played a substantial role in helping America gain independence and supported the United States. We see that Russophobia is running high in America and think this is primarily a result of the escalating political infighting.

I do not think I have the right to give you any advice. I simply want to thank you for this stance. We know that we have very many friends in the United States. My American colleagues told me so, and public opinion polls show the same results. At any rate, those polls taken a month ago show that we have many friends there. True, regrettably such hysteria is bound to affect the frame of mind, but let me assure you that there are also very many people in Russia who have deep respect for the achievements of the American people and are hoping that eventually our relations will get back on track, in which both we and the United States are extremely interested.

Tatyana Remezova: People in this studio also have questions about our relations with the United States.

Olga Pautova has the floor.

Olga Pautova: I suggest talking on this subject some more, considering that when we were preparing for this ***programme*** and speaking to our guests, it became clear that this is an issue of concern to practically everyone. Even today, shortly before we were to begin, international issues were being discussed up until the last moment.

I am giving the floor to a person whose question is of concern not only to Russians, but to everyone in the world, without a doubt. Konstantin Remchukov, Nezavisimaya Gazeta Editor-in-Chief.

Konstantin Remchukov: Good afternoon, Mr President. I would like to talk about Russian-American relations. One of the current trends, as you and an American guest have said, is that bilateral relations are deteriorating and there is Russo phobia along with daily reports about new anti-Russia initiatives, including sanctions. At the same time, there is a growing demand not only for stabilising but also for improving Russian-American relations.

At a Senate hearing the day before yesterday, US Secretary of State Rex Tillerson said something to the effect that every time he met with his foreign colleagues since his appointment, they asked him to stabilise relations with the Russians. He indicated that his colleagues from the Middle East and Southeast Asia had the same request. This is how he explained the need to act during a hearing on the 2018 State Department budget.

In three weeks' time, the G20 will convene in Hamburg, where you are to meet with US President Trump. Is it possible that these talks will help prod this negative trend towards a more positive one and possibly even towards a radical improvement in our relationships with the United States? In what areas and on what issues can Russian-US cooperation be productive and mutually beneficial? I believe that these questions are of concern not only to people in Russia and the United States but many other countries as well.

Thank you.

Vladimir Putin: As someone with experience and well-acquainted with the subject, you know as well as I do the areas in which we can work together with the United States. This includes, above all, control over non-proliferation of weapons of mass destruction. We are the biggest nuclear powers and so our cooperation in this area is absolutely natural. This is an area of crucial importance and concerns not just the North Korean issue but other regions too.

Then there is the fight against poverty, fighting environmental damage and so on. We know the position the current US administration has taken on the Paris Agreement, but President Trump is not rejecting discussion on the issue. Cursing and trading barbs and insults with the US administration would be the worst road to take because we would reach no agreement at all in this case, but it makes no sense to seek agreements without the US, which is one of the biggest emitter countries. We must work together to fight poverty in the world. The number of people earning a minimum income has increased in Russia, but there is a disastrous situation in many parts of the world, and this is one of the sources of radicalism and terrorism, this poverty around the world, and we must decide together how to address this problem. Here, we must work with our other partners too, work with China, India and Europe.

By the way, we worked together with the United States to resolve the Iranian nuclear issue, and we did reach an agreement, we did find a solution. There are positive examples of cooperation then. The previous US administration directly recognised the substantial role that we played in resolving this issue. We can reach agreements and work together then. Of course we can.

On the Syrian problem and the Middle East in general, it is clear to all that no progress will be made without joint constructive work. We hope greatly too for the United States' constructive role in settling the crisis in southeast Ukraine. A constructive role, as I said. We see then that there are many areas in which we must work together, but this depends not only on us. We see what is happening in the United States today. I have said before and say again now that this is clearly a sign of an increasingly intense domestic political struggle, and there is nothing that we can do here. We cannot influence this process. But we are ready for constructive dialogue.

Dmitry Borisov: I see someone has a question in Vera Krasova's sector. Let us go there.

Vera Krasova: Thank you, Dmitry. Russia-US relations are of interest to representatives of the machine-building industry. We have Alexei Bakulin from Volgograd Region in our studio.

Good afternoon, you have the floor.

Alexei Bakulin: Good afternoon, Mr President.

You mentioned the aggravation of the internal political conflict in the United States. Indeed, the world is following the conflict between President Donald Trump and former FBI Head James Comey like a television drama. As is customary, "Russian influence" has been detected. What is your take on this situation, and what are its possible implications?

Vladimir Putin: I am not familiar with the details of Mr Comey's testimony, but I am aware of certain things, of course. What are my thoughts on it?

The first thing that caught my attention was that former FBI director said that he believes that Russia interfered in the US election process. He did not provide any evidence, as usual, but he said there were attempts "to shape the way we think, vote, and act." Is that not the way it is all over the world? What about the unending US propaganda and funding of US-oriented NGOs? The funds are allocated directly to this end. Is this not an attempt to influence our minds and our actions during election campaigns? It goes on year after year.

Take a globe, give it a spin, and point your finger randomly. You will point to a place where the United States has interests and has most likely intervened. I know this from my conversations with almost all leaders and heads of state. They just do not want to fall out with the Americans. No one talks about it openly, but everyone is saying the same thing.

Therefore, there is nothing unusual here. What do they want? Do they want everyone to bow down? We have our own opinion, and we openly express it. This is not some kind of subversive activity. We simply express our point of view. This is my first point.

Secondly, he said that he has no evidence of us interfering in the vote count. Thank God for that.

Next, he said quite unexpectedly that he had written down a conversation with the President, and then passed along this conversation to the media through a friend. It sounds and looks very strange when the head of an intelligence agency writes down a conversation with the commander-in-chief, and then passes it to the media through a friend. How then is the FBI director different from Mr Snowden? In that case, he is not the head of an intelligence agency, but a human rights activist who takes a certain position.

By the way, if he is persecuted in any way for this, we will be willing to grant him political asylum in Russia as well. He should know that.

Dmitry Borisov: The call centre is receiving so many questions that I simply have to pass the floor to Natalya Yuryeva.

Natalya Yuryeva: Thank you.

Our call centre is about to reach its peak capacity. We have received more than 2 million calls. Every minute, our operators receive 1,700 video calls.

Social media is on fire, especially the OK Live service. About one thousand people are watching the live broadcast and waiting for the opportunity to ask the President a question. Here is a question from one of them.

Hello, you are on the air. Please, go ahead with your question, and do not forget to introduce yourself.

Andrei Bol: Hello.

My name is Andrei Bol, and I am from Nakhodka in the Primorye Territory. I am worried about coal dust, since coal is shipped through here in the open. How are we supposed to live?

Vladimir Putin: Of course, this is not good. We have to look at how the work in port facilities is organised. It is probably a tradition to have coal transported through the city from or to the port. We have to look at who owns the port, and how it operates.

Could you please tell me where you are? Where is this place?

Andrei Bol: Near the Primorye Territory.

Vladimir Putin: But what port are you talking about?

Andrei Bol: The one in Nakhodka.

Vladimir Putin: Nakhodka? Very well. We will look into it, and how it all works. We will try to respond in such a way as to minimise impacts on the people and the environment.

What is your name?

Andrei Bol: Andrei.

Vladimir Putin: Ok, Andrei, we will look into it with your help, and get in touch later. Leave your contact details, and you will tell me later what measures were taken and whether people living in the area noticed any difference.

Andrei Bol: Thank you very much.

Vladimir Putin: Thank you for your call.

Natalya Yuryeva: And now let us see what people are writing on the internet with the #A?AiA?A.25A?A.75A'a??A'a?-A'A.5A?a?(o)A?A'A?A.5A?A'A'A.5 [#WatchingLine] hashtag. For example, we already have 171,773 comments on social networks. I will ask you to show one of the most recent posts. Let us take this one, "Reading the #A?AiA?A.25A?A.75A'a??A'a?-A'A.5A?a?(o)A?A'A?A.5A?A'A'A.5 [#WatchingLine], I see how many concerned young people we have, who understand that the social lift is first and foremost an opportunity to be heard and to influence the situation in the country." User Natalya Pochinok, thank you very much for this comment.

Colleagues, could we now put through a call from Odnoklassniki? Our editors have contacted OK Live users. Let us continue looking at what people are writing on social media.

They will show us another #A?AiA?A.25A?A.75A'a??A'a?-A'A.5A?a?(o)A?A'A?A.5A?A'A'A.5 [#WatchingLine] comment: "I am watching the Direct Line. The President started talking about the main things, but I think there is no topic in today's Russia more important than fighting corruption; this disease has metastasised and hinders development in many areas." Colleagues, you have the floor.

Dmitry Borisov: Another important issue that worries our TV viewers is the situation with the so-called optimisation of healthcare, Mr President. We have sent a film crew to one of the people who complained. We will now connect to Murmansk Region.

Oleg Shishkin: We are in the Arctic, in the centre of Kola Peninsula, the town of Apatity in Murmansk Region. The town appeared in the 1960s near a major deposit of apatite ore.

With a population of more than 50,000, the town, according to local residents, is currently struggling with problems of healthcare accessibility, which actually means the inaccessibility of healthcare. A clear example of this is now behind me - the unfinished building of a new hospital.

Physicians were to move here from the old building. This is an abandoned nine-storey building practically in the centre of town, with the walls deteriorating and the floors falling apart, and there is no way the construction could be resumed, but the local residents complain of a shortage of doctors.

I have here Darya Starikova. She is a very courageous young woman. Darya has a serious disease and practically lives off painkillers. Several days ago, Darya wrote to Direct Line, and it was a real cry for help. Naturally, we could not ignore her. So we are here for Darya to directly address the head of state.

Darya, please go ahead.

Darya Starikova: Good afternoon, Mr President.

I am Darya Starikova, and I am 24. I was diagnosed with stage four cancer. Because the original diagnosis was intervertebral osteochondrosis, the time for effective therapy was lost.

As I received treatment for my back, with injections and massage, I ended up in hospital with a haemorrhage. The diagnosis was made at the hospital. Mr President, we have a lack of specialists who can make diagnoses in time.

Our maternity hospital was closed, our surgical department was closed, our cardiology department was closed, and everything was moved to the neighbouring city of Kirovsk. We have to go there to get medical care. On top of that, they send us for complicated operations and tests to the city of Murmansk, which is a five-hour drive from us. Not everyone can afford it, and not everyone can go there.

I am asking not for myself, I am asking for the city, for our residents, for all the people who live here. I am asking you to help restore the hospital, restore everything. You know, sometimes our "emergency medical service" arrives too late. We have only the admission department left. They bring people [to the hospital] too late.

My friend's mother did not make it to the hospital. She died of a heart attack on the way in an ambulance. She was not even 50. People are worried. This has happened repeatedly. We have often raised the hospital issue.

We are asking you, please help. We want to live, not survive. We are pleading for help. We need everything in our city to get back to normal.

Vladimir Putin: Dashenka, look, I do not usually speak about my personal affairs and my private life, but now, looking at you, I feel that I must tell you that the same thing happened to my father.

He was being treated for back pain. They gave him massages, heat treatment and so on. My mother told me that my dad was crying out in pain at night. It was only then that I had him moved to another hospital. There, he went through everything that you are going through.

But even at that stage, treatment was found. This was many years ago now, but quite effective treatment was found, and he departed this life not because of the illness with which he was diagnosed. So, I urge you not to lose hope. For my part, I will give this my attention and look into what I can do to help you personally.

On the subject of medicine, I can say to you, to all present here, and to all of our citizens, that we are very well aware that there are problems with medicine everywhere, and patients everywhere are critical about what is happening in this area. This is the case practically all around the world.

It was for this reason that the previous US president began carrying out reforms in this sector and passed a law that drew a lot of criticism, and now the new president has essentially repealed this reform. Similar things are taking place in Europe.

Our problems are no fewer, and are perhaps even greater. Nonetheless, over these past three years we have built and opened ten times more new medical facilities, mostly medical centres, than over the previous period. We built 2000 medical facilities over the past three years. There are problems related to a lack of specialists in some areas, and this is why the waiting lists remain.

The queues look different now though, because it is not a case of people queueing up in the waiting room to see the doctor. Rather, they queue for numbers now. This is no better, though, and we need to move over to electronic queues, and make sure that they work in practice.

Finally, most importantly, we must ensure access. This is the top priority for medicine today - to guarantee access to medical aid. In your case, of course, we will take a very close look at the situation. I do not know what the healthcare managers were thinking in this region, including in Apatity.

Apatity is a mining town and it is clear that people work there in difficult conditions and require particular attention from medical personnel. They probably took the purely formalistic view that it was not far to travel from Apatity to Kirovsk.

Nevertheless, people are encountering problems that you have raised. We will definitely look into this. Either we need to build this hospital, or we need to upgrade and reopen the old hospital. I promise you that we will work on this.

Dasha, we will look into the situation with your problem too.

Tatyana Remezova: Thank you, Apatity. Let us wish Dasha a swift recovery.

Vladimir Putin: Best wishes to you and get well soon.

Tatyana Remezova: Messages and requests the call centre has received include those from people asking for assistance with joining the army. We have never seen such a surge in the number of people wishing to serve.

Volgograd is on the line but we will come back to it later. We are getting back to the studio and my colleague Nailya Asker-zade.

Nailya Asker-zade: Thank you, Tatyana.

We have young professionals from the WorldSkills movement in the studio. It is an international association that improves professional training standards.

For example, Arkady Bodryagin from Chelyabinsk is 19 years old. He has already received a medal for professionalism in hospitality at a European WorldSkills championship.

Arkady, what is your concern?

Arkady Bodryagin: Mr President, good afternoon. First of all, thank you for supporting our movement. We are cooperating closely with large corporations but we are also interested in working with small and medium-sized businesses.

Can you give us advice on how to establish a reliable channel with them?

And one more question. WorldSkills members are pragmatic people and we care about our future. In light of this, do you ***plan*** to increase the retirement age? If yes, when?

Thank you very much.

Vladimir Putin: Answering the first question about building relationships with small and medium-sized businesses, you know our SMEs are developing despite all the issues that were mentioned before - the gentleman behind you pointed out business loans as one of them. However, they are developing, maybe not as fast as we would hope. It is particularly good that hi-tech SMEs are among them.

We have a new export item, IT technology worth $7 billion, which is unprecedented. Our IT exports used to be zero. This industry is developing at a rapid pace.

Here, first of all we need to pay attention to these successfully developing companies. We have some. This is my first point. They exist by themselves.

Secondly, there is something I would like to draw your attention to, something I could advise. I will say this, and they will now hear it too. Our large companies need to develop whole networks of small and medium-sized enterprises around them. They should not simply buy what they need abroad when they can rely on our small high-tech companies. Therefore, you need to reach out to small and medium-sized businesses through the companies where you work today.

As for the second question, you know that we are actively discussing the possibility of raising the retirement age. Some experts believe that increasing the retirement age is unavoidable, citing other countries' experience, including neighbouring countries such as Ukraine, and nearly all the others, Belarus for instance, let alone Europe. With Europe, the comparison would be weak, bearing in mind the life expectancy there, so we had better take the neighbouring countries. But they have already made this decision, and we have not. I think the issue should be treated with great care.

In case there are any rumours that the decision has already been taken: no, it has not. However, it is indeed being discussed; it is being discussed at an expert level and at the government level. Experts believe that if we do not do this, the level of pension coverage will go down, meaning pensions will shrink. At the same time, the workforce - workers having to collectively raise money to provide for the pensioners, so to speak - will decline due to demographic problems and structural changes. The number of unemployed will increase, and the number of people with jobs will fall.

These are the realities that we are facing. We must bear this in mind. Yet, such decisions should be made in a balanced manner, without any fuss or haste.

Dmitry Borisov: I must note another issue too. We have had many messages from pensioners who continue to work. They say that if the pension age is suddenly raised, whenever this may be, we should be aware that people are already facing problems now.

One person, aged 52, cannot find work anywhere. This is an appeal from Moscow, a message from a carpenter. Then there is a woman from the Kaluga Region who says that she is 42, but already at this age she is not getting any job offers and she is worried about her future employment prospects.

Vladimir Putin: In this area, we need to find solutions to a different issue, namely, the question of ensuring timely and high quality retraining ***programmes*** for people, human resource retraining ***programmes***.

We need to ensure human resource mobility, in other words, give people the opportunity to move from one region to another. But they cannot just arrive and live at the railway station. We must think about where they will live and prepare the relevant infrastructure. This is a big, multi-faceted and multi-dimensional undertaking.

We are aware of this problem and are working on it. It is particularly important in the so-called single industry towns. ***Plans*** have already been drafted and are being implemented. Of course, it is clear that we must intensify our efforts in this direction.

Tatyana Remezova: Let's move from the pension age issue to the question of the military conscription age. When we looked at the messages, we saw cases where people complain that they have been turned down for the military on the grounds of age, but they want to join the army. They ask you, what can they do in this case? There are many people who want to do military service.

We have Volgograd on the line now. Right at this moment, new recruits are taking their military oath, and our colleague Dmitry Petrov is there.

Dmitry Petrov: Hello. We are here at the Mamayev Kurgan, at the foot of the Motherland monument. The remains of 35,000 soldiers and officers killed during the Battle of Stalingrad are buried here. This is sacred soil and a sacred place.

Today, the new recruits of the 20th Guards Independent Carpathian-Berlin Red Banner Order of Suvorov II degree Motor-Rifle Brigade are taking their oath of loyalty. This is a decorated unit with rich military traditions, and, of course, it is a great honour for the young soldiers to take their oath at this site.

We see how the young men come forward and before the ranks pronounce the words of the oath before the Russian Federation flag and the unit's banner. Gathered here are those who care most about these young men: their parents, relatives, loved ones and friends. They have come from various parts of the country, from wherever the young men have come from. This occasion is tinged with sadness for them, of course, but it is a celebration too.

Let's meet them. Hello, please introduce yourself, which soldier is yours?

Question: Good afternoon, my name is Vladimir. Today is a notable day. Today, my son is taking the oath of allegiance at this great place. I have come from Sergiyev Posad in Moscow Region. My son made his own decision to serve in the Armed Forces after studying at a medical college - the Third Medical College - for two years, and he declared his wish to serve his Motherland. As a reserve officer, I welcomed his decision.

Dmitry Petrov: Vladimir, this is Direct Line with the President. Moscow can see and hear us, and you can ask the head of state any question.

Question: This is very unexpected, of course. Mr President, as a reserve officer, I am interested to know how our Armed Forces are doing in Syria and would like to ask what lessons our Armed Forces have learned and what the prospects are for our troops there.

Vladimir Putin: First, Vladimir, I would like to congratulate you and your son on taking the oath of allegiance today. This is a great event in the life of any man, any Russian citizen, especially those of us who voluntarily choose this path in life - serving in the Russian Armed Forces and serving our nation.

Now regarding your question. What lessons have been learned, and what have our Armed Forces gained from the operation in Syria? There are several aspects here.

Firstly, this is of great value for our defence industrial sector. The use of the newest weapon systems has made it possible for us to understand how they work on the battlefield and improve the quality of these advanced weapon systems.

We knew that our weapons are good anyway, but when we saw how they perform on the battlefield - this is an entirely different story.

Furthermore, representatives of the enterprises go to places where these weapons are used, see how they work, make adjustments, and this is not just some fine-tuning but serious, thorough work. This is as far as the defence industry is concerned.

Regarding the Armed Forces as such, I can say that this experience in using our Armed Forces in combat conditions and with the newest weapons is precious. I am saying this without any exaggeration.

You know, even our Armed Forces have acquired a new quality. Some subunits were created only recently and were employed for the first time, and they are very effective.

As for what we ***plan*** to do there, we are going to foster a peaceful political settlement between all the parties to the conflict. Our task in the near future is to upgrade the level and combat capability of the Syrian Armed Forces and proceed to the facilities that we have created in Syria, including in Hmeimim (Hmeimim airport) and the Tartus naval base, leaving the Syrian forces to operate effectively and achieve required results on their own. However, if necessary, we would be able to provide them with operational support in fighting terrorist groups, including by employing our combat aviation. These are our ***plans***.

Tatyana Remezova: Ok, let us continue. It is time now to go back to the call centre. Maria, how many calls have you received so far?

Maria Gladkikh: As of now, we have received 1,345,000 calls and 474,000 SMS messages for Vladimir Putin. Twenty-five percent of the callers are aged 35 to 55 and 63 percent are over 56.

I do not know the age of the next caller but the editors are telling me he is from Crimea. Alexander Bochkarev has a question that bothers not only Crimean residents but also tourists.

Alexander Bochkarev: Good afternoon, Mr President. This is Alexander Bochkarev. My question is: will the Kerch Strait Bridge be built within the timeframe you promised? It is very important that by the time it is complete there are convenient access roads.

Vladimir Putin: Construction of the Kerch Strait Bridge is going according to schedule and even a little ahead of schedule. I will not go into how far ahead now, but at the moment there is no doubt that the project will be completed on time and with the proper quality, which is most important.

The cost of the bridge is known, it is a bit over 200 billion. But access roads are a separate and pressing issue. We need to make sure that roads are built on the Crimea side, the Kerch side and the Taman side.

The work has begun in general. We will keep a very close eye on it. I hope this project will also be finished successfully. Without access roads it would be ridiculous. The lack of access roads would create a bottleneck on either side. We cannot allow this to happen.

Dmitry Borisov: I see we got a question on Odnoklassniki. Irina Shpakovich from the Khabarovsk Territory is asking: "The bridge over the Kerch Strait is almost finished. Will the bridge to Sakhalin ever be built?"

Vladimir Putin: True, the speculation started long time ago, there were ***plans*** back in the 1930s and the 1950s. Under Stalin they were thinking about this and even drew up ***plans***, but they were never acted on.

Now we are reviving these ***plans*** and thinking about this issue. Of course, connecting Sakhalin with the continent would be very helpful for restoring the territorial integrity of the country.

It would be possible in this case to organise the movement of goods from Asia to Europe via Russia and thus to enhance the importance of the Trans-Siberian Railway. However, building a bridge is not enough. In this case, it would be necessary to expand the Trans-Siberian Railway although it needs expansion anyway.

Naturally, it is necessary to involve the interested states - and they exist - in funding the project. In general, in tentative estimates the cost should be lower than that of the Crimean Bridge - about 286 billion. These are preliminary estimates. However, this is not enough because apart from a bridge crossing, it is necessary to build access routes and the entire road interchange.

By the way, there were proposals, which are being studied now, to build a tunnel rather than a bridge, and this is also possible. A decision has not yet been made but we are thinking about this.

Dmitry Borisov: Irina got her answer.

Let us continue talking about the issues raised by our television audience

We will now hook up to the remote city of Nyagan in Khanty-Mansi Area. Our TV crew went there in response to a message from Enzhi Barsukova.

Anton Lyadov, please.

Anton Lyadov: Good afternoon, Moscow!

We work in a shift camp in Nyagan. It is hard to believe, but these trailers built for workers in Soviet times as temporary accommodation are not being used as sheds or shacks. They have become permanent homes for whole families. For instance, this one has been here since 1979, that is, for almost 40 years. There is no indoor plumbing. There is an outhouse and the residents had to build each one themselves. They used washtubs or went to their friends' place for a shower. Today some of them have baths in their trailers but not all. However, there is no sewerage and when they take a shower the water goes right into the ground through wooden boards and their trailers are gradually sinking into the ground.

We are entering this 40-year-old trailer. It has no hot water in summer - only cold water and if you have no filters, it is brownish with rust. Conversely, there is no cold water in winter. The problem is that the two pipes - the heating main and the water pipe - run alongside each other and one warms the other, so sometimes we get boiling water from the tap. Anastasia has lived here since she was two. Recently she gave birth to her baby Arseny. Vladimir and Irina have lived here for 35 years. Enzhi Barsukova who sent the message to you has lived here for 30 years.

Ms Barsukova, in winter temperatures fall to minus 50 C. What do you do not to freeze to death?

Enzhi Barsukova: Come on, I will show you. Residents of our shift camp put blankets on doors, insulate doorways with blankets and old clothes. They use everything they can to keep it warm.

Tatyana Remezova: Unfortunately, we got disconnected.

Vladimir Putin: The equipment fails under the impact of this report.

Tatyana Remezova: Yes, the equipment could not cope with this shocking story but we can see what is happening there. Vladimir Putin: Wait, maybe we can get connected again. No?

Tatyana Remezova: We will try to fix it.

For now, let us switch to another city, where our film crew is also working - they travelled there in response to a complaint sent to you, Mr President.

So, here is Izhevsk and our colleague Pavel Krasnov.

Pavel Krasnov: Good afternoon!

This is the city of Izhevsk. One of the many questions concerning housing and utilities services in general or dilapidated housing in particular arrived from here. How old this housing is, you can see for yourself.

This is a wooden barrack, of which Russia, unfortunately, still has thousands. But this particular barrack in Izhevsk's Proyezd Chapayeva is really in a terrible state. I think that the camera, the video does not even fully convey how it all looks in reality. This barrack has already been listed as dilapidated, but people still had to complain to Direct Line, to the head of state.

Anastasia, hello!

You asked your question. Please tell us what happened. The President is listening.

Question: Hello, Mr President!

My name is Anastasia.

You can see the conditions we live in. These apartments are damp in the summer and cold in the winter. We have to keep the heating stove going around the clock, but warm air still seeps out through the cracks in the walls. Children are constantly ill, and in each apartment there are two or three children. But the worst thing is, we are afraid that the ceiling will collapse, God forbid, on the children, and on adults. Our house was already classified as dilapidated and put on a waiting list for demolition and relocation in 2029. Mr President, how can we live in such conditions for another 12 years?

Vladimir Putin: What can I say? Ridiculous, of course.

Appropriate resources have been allocated from the federal budget for relocation; we have extended this ***programme*** for relocating people from dilapidated housing, and yours is clearly dilapidated, so what could I say. I can imagine what is happening in your region, and I know the amount of money allocated for relocating people from dilapidated houses. On the whole, the ***programme*** is progressing well around the country, and at a good pace, but it is completely ridiculous and unacceptable to postpone relocation for decades.

I will visit your place. I ***plan*** to be in Izhevsk, and I will drop by and see what is happening. We will talk in person there, ok? Agreed. I have a business trip to the region ***planned***, so I will drop by. I was in such houses, as you know. This is a big problem, but for me there is nothing unusual there. This is why we developed the ***programme*** for relocating people from dilapidated housing. By the way, we have many such houses, unfortunately. They make up approximately two percent of the country's total housing stock, about 80 million square metres, as much as the area of new housing built in the whole country every year. This problem is huge and painful, but it needs to be dealt with. And we will continue dealing with it.

I will drop by, and we will talk.

Dmitry Borisov: Such reports are coming not only from Izhevsk, Mr President.

Vladimir Putin: I am aware of it.

Dmitry Borisov: We have many from different regions. People live in hazardous wooden houses in Kirov Region, and many others.

We are now back to Nyagan in Khanty-Mansi Area. Let us try again. Are you back, Anton?

Anton Lyadov: Hello, colleagues.

Yes, we can hear you. Indeed, the connection is unstable here.

Ms Barsukova was just telling us how the people manage to survive in 40-year-old trailers in -50C during the winters.

Please continue.

Enzhi Barsukova: We use sawdust as insulating material for our houses. This is our way of keeping the cold out.

Anton Lyadov: You have been trying to resolve this issue for many years now. Now, the President can hear and see you. You can talk to him directly.

Enzhi Barsukova: Thank you.

Mr President,

We have a ***programme*** in the area to demolish the trailers and resettle their residents, but it is a fairly drawn-out process. I came here when I was young. I am now retired but still do some work for a living. I raised two children in these harsh conditions. How much longer will the people in the North live in such conditions? We ask you to speed up the demolition and resettlement ***programme*** in Nyagan.

Thank you.

Vladimir Putin: I am aware of this problem. You may have noticed that the issue of relocating people from these trailers in the Baikal-Amur Mainline (BAM) area was raised for the first time in 2010, when I was Prime Minister, and then we even had a direct conference call with Tynda. The resettlement ***programme*** was adopted, and we resettled, I believe, 9,000 families. Suddenly, we found out that there were 10,000 more. That is the way we crunch the numbers, I guess. Nonetheless, we will continue with this ***programme***.

With regard to trailer parks, the snag is, and you are aware of it, that they are not counted as housing in the books, and that is why they did not make it into the run-down housing relocation ***programme***. Nonetheless, such a ***programme*** was put together, and local authorities came up with about 1,500 families. According to my information, more than 500 families have been relocated, and 1,000 plus families await their turn.

Firstly, the Housing ***programme*** is properly funded for this, including for 2017. We will keep allocating these funds until we achieve our goal. We will absolutely achieve it, and, of course, we will try to speed it up. What do we need to do, and what will I ask my colleagues in the regions to do? We need to have an accurate assessment of the scope of this plight, and how many people need to be relocated. One and a half thousand is an understatement, I think. We should avoid the situation we had in the BAM area where we originally had 9,000 families and then 10,000 more appeared as if out of nowhere. The funds must be set aside in advance. So, please make sure we have accurate estimates of the number of people who need help and support.

We will continue this ***programme*** and try to speed it up. To reiterate, the funds have been allocated.

Dmitry Borisov: Thank you, Nyagan. This city is far away but Channel One viewers, for example, know one of our best KVN (Club of the Happy and Inventive) teams. It competes despite the conditions people live in, and it is one of the jolliest and funniest teams. It has made it to the finals. Evidently our people make very good jokes when life is not so easy. Also, by the way, Maria Sharapova was born there, in Nyagan.

Vladimir Putin: Yes, but I understand she lived mainly in Sochi.

Dmitry Borisov: But she was born there. Nyagan is proud of Maria.

Vladimir Putin: Yes, we are all proud.

Dmitry Borisov: As a matter of fact, this year, our channel has received a lot of complaints about dilapidated housing and generally the condition of residential buildings from various regions, and you know what, some people say it in so many words, comparing their problems with what is going on in Moscow.

Some of them write directly, frankly: "We are envious of Moscow's ***programme*** of tearing down five-story walk-ups from the Krushchev era." As we know, yesterday, the State Duma approved the housing relocation draft law on its third reading. In keeping with your directives, Muscovites' proposals were taken into account. What do you think about this ***programme*** as it stands now?

Vladimir Putin: It is important for me what Muscovites think about it. This is what matters. It is important what people who live in these buildings think about it. And how can that be found out? Through a poll. That is my first point.

Second, it is important for me that citizens' rights are not violated during the ***programme***'s implementation - above all their property rights.

Third, it is very important how it will be done. The Moscow city authorities tell me they have ***planned*** out everything and new buildings will be built within walking distance, practically in the same spots, literally next to them.

However, we know what often happens in practice: the floor is wrong, the windows are on the wrong side, and so on. Of course, you cannot foresee everything. A flexible approach is called for here.

This is what I think and what I urge my Moscow colleagues to do. I get a sense that this is the line the Moscow Mayor intends to take. It is important that he gets his subordinates to follow precisely the same approach.

What about the renovation in general? By the way, I perfectly understand people's sentiments in other regions. I know this. While preparing for today's Direct Line I saw many questions from residents of other regions, I have not heard them yet, but maybe I will. I can say even now that I know the sentiment, "Please do it here, Muscovites do not want it, but we do." This is what it is like. I want it to be clear.

This is about the housing stock in Moscow; 10-15 years from now, it will definitely turn into hazardous housing, and Moscow will be in the same amount of trouble as many other regions.

If we do not start doing this on time, we will face a problem that will be very difficult to resolve, maybe even impossible, and then people will really start to suffer.

We will get a problem right in the centre of Moscow, and it is a huge one. We need to do this in a timely manner. Once again, I want to emphasise, I hope that the ***programme*** will be implemented within the framework of the adopted law, and with consideration for people's specific interests.

However, in some buildings, the majority of residents refuse to participate in this ***programme***. They do not want to, and it is impossible to force people - they cannot be dragged into this ***programme*** by force. Where the overwhelming majority agrees, those who disagree should respect the opinion of the majority, I repeat once again, with due respect for their rights and legitimate interests.

Tatyana Remezova: The guests of our studio are ready to join the discussion on renovation. I give the floor to Olga Ushakova.

Olga Ushakova: Thank you. We will gladly join the conversation, because we have among our guests State Duma deputy Galina Khovanskaya who heads the committee on housing policy and housing and utilities services, and sits on a working group that directly monitors the situation around relocation.

In addition, as far as I know, you are a fourth generation Muscovite; you were born here and lived all your life in Moscow. Yet, the Russian capital is not the only place your heart bleeds for.

Galina Khovanskaya: Of course not. Good afternoon, Mr President.

Still, if renovation in Moscow is a success, do you think we need to draft a similar law for the whole country? It could be helpful for those regions that completed the move-out from hazardous housing ahead of schedule, and there are such requests already. What do you think?

Vladimir Putin: Of course, I would like to do this. But as I said, and you also know what the volume of our hazardous housing is - two percent of the total housing stock, a huge, colossal problem. This is my first point.

Second. Moscow is funding this ***programme*** out of its own budget and will spend 100 billion roubles a year. We could tell the other regions: we agree, you go do it. But they would not be able to afford it, since they do not have that kind of money. Therefore, simply saying yes, we agree, just do it, would mean giving people hope and never backing it up with real resources. It would not be fair to people. But it still needs to be done. We need to think about how to approach this. After dealing with the move-out from hazardous housing - and for that we most allocate federal money - we certainly need to think about what you said.

Galina Khovanskaya: I would like to thank you for keeping the renovation issue under control. This would be good for the regions that complete it fast, and yes, we have such top regions. So I will think about this bill.

Vladimir Putin: Yes, you are right, and I am asking you to do this. Only we must bear in mind that your "top regions" have solved the problem with federal money, and we immediately transfer this money to those regions where this problem has not yet been resolved. That is, the money is not released, but transferred to other regions. We just need to keep it in mind. Otherwise, you are right; we do need to think about this.

Dmitry Borisov: Another pressing issue in this field is the work of managing companies in the housing and utilities sector. We have received many complaints. "For the last seven years, our managing company was bankrupt and changed its name three times," Yelena Ivanova from Irkutsk wrote. "There has been no hot water in 20 buildings for a year already," Svetlana Kudryavtseva from Murmansk wrote. "We addressed the managing company in 2016, but they did not take any measures and just said that repairs are scheduled for October 2017." How can we restore order and improve oversight of managing companies?

Vladimir Putin: The problem does exist, and the Government is trying to resolve these issues and improve the entire system. A few years ago, we, including me personally, decided that these companies must undergo certification to get a license.

But the problem is that they should have been licensed by a set deadline, but only 13 percent managed to get a license in the end. It turned out that these managing companies were not ready to properly organise this work.

The first thing to be done is to ensure that the quality of their work meets the requirements. This is the first thing to be done, and it should be done persistently. This applies to the regional, local and federal levels of government. This should be closely monitored. That is my first point.

Second, we even introduced criminal liability for falsifying the minutes of general meetings. So, we introduced criminal liability and imposed big fines for substandard work. And this needs to be followed through on.

But the agenda also includes a number of other issues that should be resolved through governmental instructions and adjusted at the legislative level. I think that we will resolve these issues in the near future. We will not leave this problem without attention and will definitely see it through.

Dmitry Borisov: It is time for us to speak to the westernmost location of our Direct Line - Kaliningrad, where Nikolai Dolgachev is working now.

Nikolai Dolgachev: We are inside the largest and most modern facility of Kaliningrad Region - the centre of the stadium that is being built for the FIFA World Cup. Football matches will take place here in exactly a year.

We see stands seating 35,000 people. Equipment is working on a football field that is covered with a multi-layer fabric. There is a layer of chippings at the bottom, it will be like a layer-cake on the outside, and pipes will be laid inside.

Good afternoon. What are you doing now? Why will pipes be inside?

Remark: We are making a drain system to keep the field dry during matches.

Nikolai Dolgachev: What stage are you at now? When will you finish this work?

Remark: We have done over 80 percent of the total work. I think we will finish it for sure by the end of the year, considering that all that you see now has been done in 18 months.

Nikolai Dolgachev: Thank you. We would also like to talk to the workers.

Good afternoon. Your bosses say that the stadium will be completed soon. What will you do next?

Remark: It would be good to continue working here, to maintain such a great stadium.

Nikolai Dolgachev: Are you from Kaliningrad?

Remark: Yes, I am from Kaliningrad.

Nikolai Dolgachev: Do you have many workers from other regions?

Remark: No, we are all from Kaliningrad.

Nikolai Dolgachev: Thank you.

Indeed, this stadium will create jobs and become one more link for the region that is geographically far from Russia's mainland.

Today we have invited a volunteer of the future FIFA World Cup who sent several questions to Direct Line.

Good afternoon. Tell us about yourself, please. What are you doing besides being a volunteer?

Andrei Voronin: My name is Andrei Voronin. I am a futsal coach for children with disabilities and orphans. We have been champions at a special futsal tournament for two years running. We won second place at the European futsal championship, representing Kaliningrad Region. As of today, four members of my team are on Russia's national futsal team at LIN sport [sports for people with intellectual disabilities].

Nikolai Dolgachev: Do you have training facilities? Is the infrastructure ready?

Andrei Voronin: In spring and summer, we have places to train but getting into gyms is not easy.

Nikolai Dolgachev: You can ask the President your question directly. He can see and hear you now, just as the whole nation can. Go ahead.

Andrei Voronin: Mr President, good afternoon. I have a question which concerns not only myself but probably every other resident in the Kaliningrad Region. We are going to host the FIFA World Cup, and we have a wonderful stadium here. Please, tell me what will happen after the World Cup? Will my students also be able to come to the stadium to practice?

Nikolai Dolgachev: To train or to play?

A. Voronin: To train, to play or at least to see the three matches that will be played at the stadium. To come and see them, at least.

Vladimir Putin: You see, first of all, I am confident that you will build the facility and you will do it on schedule. By the way, regarding Kaliningrad, we initially thought that the price tag was too high. It is understandable that the leaders of Kaliningrad and the Kaliningrad Region wanted not just to build up the stadium but also develop all the adjoining infrastructure: to erect a new township, a whole residential area, but ultimately, we agreed on the cost of the stadium as well. Everything is going according to schedule, as far as I know. But to be honest, your question is odd. The answer is yes, because the stadium is being built for people to play sports, for fans to come there. I hope we will never allow stadiums to be turned into shopping markets. On the contrary, even in Moscow everything is going back to its normal course. Thank God, sports facilities are being used the way they were intended.

Concerning the facilities and buildings for the Olympics in Sochi, practically everything is being used effectively. We have probably better results than anywhere else, when it comes to the use of sports facilities after large-scale international competitions. The same is true of Kazan after the competition were held there, I mean the Universiade. As for stadiums, they must and can be used as athletic facilities only. This is why I am sure that children will able to practice there. I am sure that fans can rejoice. And the key thing is we will finally be developing football. I hope our players will also perform at a high level, which everyone expects from them.

And I would just wish you success. Thank you very much.

Dmitry Borisov: Nikolai, let us take another question from Kaliningrad.

Andrei Voronin: The Russian national team has not been at its best lately, and no one knows how it will perform during the upcoming world championship. I have a proposal. Perhaps, you could use your influence on them? Perhaps, you could tell them to start really playing ball?

Vladimir Putin: I prompted this question, I think. I am not going to rant and rave or criticise anyone, although, of course, the Russian football fans are expecting a better performance from our national team.

When I speak to specialists at the international level, I ask whether our athletes will play or not. They say no, they will not. I ask them why. They say because ... followed by complaints that there are too many foreign players and too little attention paid to training young players.

In other words, very little attention is paid to promoting children's and youth football. True, there are positive developments. I was in Krasnodar recently, and Mr Galitsky is doing a great job there. It is a private project. He has built a stadium and put together a football school with remarkable students who play not only football, but chess as well. All major clubs have created such systems for training young football players. If this continues, and I believe it will, we will definitely have an efficient national team that will make its fans proud.

Dmitry Borisov: Thank you, Kaliningrad.

Mr President, I would be remiss not to ask you a question today. There is a crisis underway, difficult times for everyone, clearly. The number of disgruntled people is on the rise. Some are protesting in social media, others are taking to the streets. Is that an opposition? Are you prepared to talk to anyone among them?

Vladimir Putin: I am prepared to talk to everyone who really aims to improve people's lives, to resolve the issues facing the country, but not the ones who use existing difficulties - and there are always enough difficulties anywhere you go - to promote their own political agenda. Using difficulties as a tool for self-promotion and in order to cash in politically, only aggravates them.

We spoke about managing companies. What is one of their key problems today? They are intermediaries in the movement of funds from the state to those who provide additional services. They should be denied the right to mediate cash flows. The same applies to the opposition. Some of them in this sense are no better; they are using difficulties to their own advantage. Instead, they should offer solutions. Those who offer solutions deserve our closest attention. They are entitled to maintain a dialogue with the authorities. This is what we are going to do.

Tatyana Remezova: Mr President, schoolteachers and former students in the village of Krasnopolka in Ulyanovsk Region addressed Direct Line, and our film crew, led by Maria Bondareva, went there.

Maria Bondareva: Good afternoon, Mr President.

How can we possibly do without the topic of education? We are now in Krasnopolka, a village with a population of just a little over 500. Naturally, like in any village, there is just one school here. Such schools are called undersized. There are only 46 students there - up to grade nine. On my right, you can see all those who finished it in 2017 - just four young men. On my left is School Principal Alexei Malin, and he sent in a question, Mr President, to your call centre, because he is concerned not only about his school but also about his students' future or to be more accurate, about where they will study and according to what curriculum. So we decided to give him an opportunity to ask his question directly.

Alexei Malin: Good afternoon, Mr President.

Vladimir Putin: Good afternoon, Mr Malin.

Alexei Malin: The fact is that Russia lacks a single educational space. Because there are so many textbooks and so many teaching and methodological systems, sometimes students in different regions or even in different districts of the same region study certain school disciplines according to absolutely different ***programmes***. And when they move, they experience considerable difficulties.

So, here is the second part of my question. Textbooks have an established lifespan of five years and have to be discarded while they could still be used, which increases budgetary spending on the procurement of new textbooks even though an old textbook is still good enough. Therefore, I wonder if it could be possible to extend the life of school textbooks and reduce the number of teaching and methodological systems, thus unifying Russia's educational space.

Thank you.

Vladimir Putin: First of all, I would like to say that we are probably one of the few countries where - strange as this may seem to you, even though I largely agree with you, but nevertheless, our single educational space is stronger than elsewhere, than in many other countries. For example, in the United States, almost every state and every university has its own curriculum, and the same goes for Europe. We are probably one of the few countries where we try to preserve this single space even though the problem that you have raised does exist.

An enormous number of new textbooks appeared in our country, especially in the 1990s and 2000s. It almost became a business based on budget funds. Colleagues told me a child switches to another school, and even in Moscow has no idea what materials to study to prepare for exams as there are different textbooks and requirements. Of course, requirements can always differ, yet a single textbook allows a teacher to take a certain creative approach to the learning process. In the Soviet Union, there was a standard textbook, then there were experimental ones and one other, three categories in total. Overall, as experts say, this experience could be used to create a standard textbook. We have to consider this. These decisions cannot be voluntary, but we definitely can consider this. Once again, experts believe that this is quite possible and will not cause any damage to the learning process; it will not worsen its quality.

Should we - and can we - prolong the textbook use period to exceed five years? First, as you know, textbooks must be provided for free. I ask heads of municipalities and regions to carefully monitor this.

Can the five-year period be extended? You know, for some textbooks it can be done, and for some it cannot. I mean, for instance, currently we have in fact an established textbook on physics by a single author. The period of its use could probably be prolonged. I had a look at other textbooks - say, on history and geography. The latter was created in the late 1990s, and it cites data on ***agricultural*** development. Today, this is an advanced sector of Russia's economy, with a three-percent annual growth rate, and it satisfies our needs - as I have mentioned, in poultry, for instance. We have become leaders in ***producing*** and exporting wheat, which is unprecedented in Russia's history, maybe only prior to 1913. Yet, this textbook says our ***agricultural*** industry is in decline. What nonsense! What kind of textbook is that and what are they teaching our children there?

By the way, the same applies to housing construction. In 2015, a record 83-85 million square metres of housing was completed, yet the textbook claims the construction industry is in a difficult position. What is written in the textbook in no way reflects reality. So, can the period of using such textbooks be extended beyond five years? Actually, it has been reissued this year the way it was, word for word. One name has been eliminated from the list of its authors, maybe to show that this is a new edition, and the rest remained as it was. So this all has to be closely monitored. I think the use of some textbooks can be prolonged, while other textbooks should be updated.

I want to wish success to you and your graduates.

Tatyana Remezova: Maria, you can ask one more question.

Maria Bondareva: Mr President, having heard that they will be with you today, the guys standing next to me decided to use this opportunity and also ask you a question or rather make a request, if I understand correctly.

Remark: Good afternoon, Mr President.

Vladimir Putin: Good afternoon.

Remark: We are graduates of the ninth form. We are taking part in the 2017 Graduates contest. We are eager to win it. Could you wish us good luck and give us some good advice?

Thank you.

Vladimir Putin: I wish you good luck and victory in this contest, and here is what I would like to say.

I do talk with people of your age and students, though not as often as I would like to. I know that our young people have enormous potential, really huge. Very many young people understand all the advantages of our country that are embodied in its immense size, incredibly rich cultural code, long history, the unity of our people that we see whenever the nation is facing serious difficulties. This is what our people relied on for centuries if not millennia, and I can see that young people cherish all this. They cherish the diversity of our culture and nature.

I hope you make full use of these advantages upon graduation, to work in order to enjoy life and contribute to Russia's progress.

Dmitry Borisov: Thank you, Krasnopolka.

Before we move on, here is one more question from children, from among those that were collected before Direct Line. It comes from 12 year-old Veronika Titova from Solnechnogorsk. This is her question: "If you had a time machine, where would you like to go?

Vladimir Putin: Actually, this is not a child's question although it seems to be from the realm of fantasy. We know of many works that involve a time machine. It is essential to decide for oneself: does this time machine go backward or forward? Can you interfere in events and change the future, that is, our present, or is this not allowed?

Dmitry Borisov: And what would you prefer?

Vladimir Putin: I think it is better not to touch anything because whatever will be will be but with unknown consequences. This is the first thing. Most likely, this applies to the past. Although, it would be very interesting to see how our country developed, how St Petersburg was built and how our fathers and grandfathers won the Great Patriotic War...

You know, sometimes tears fill my eyes when I watch documentaries. Do you understand me? Of course, I would like to see this with my own eyes.

I would like very much to feel, hear and see how fateful decisions determining Russia's path were made.

As for the future, we have a time machine. We do. It is called "history." We should thoroughly and objectively study history so that we can understand how to act in order to build our future. The future is being created right now. Therefore, if we want to have a prosperous future we must work efficiently today, sparing no effort.

Tatyana Remezova: Now back to our studio. Vera Krasova has the floor.

Vera Krasova: Thank you, Tatyana.

We have representatives of the younger generation in our studio - finalists of the National Engineering Olympiad from Nefteyugansk. I had a chance to talk to them yesterday; it was very interesting. Danila Prilepa has a very serious question. Danila, you have the floor.

Danila Prilepa: Hello, Mr President. The fact that corrupt officials and ministers are in the Government is not news, has not been for a long time; putting them under house arrest for show does not ***produce*** results, and you undermine people's trust by doing so. How are you dealing with this problem now?

The consequences of negligence affect the majority of our country's population, including my family. Federal Law No. 247 states that every police officer is entitled to a subsidy for the purchase of their own housing.

In Khanty-Mansi Autonomous Area, only 90 families have received the money over the past five years. The waiting list includes thousands, and there is practically no progress.

Vladimir Putin: Danila, did you read your question? Did you prepare it in advance or did someone recommend it to you?

Danila Prelepa: Life has prepared me for this question.

Vladimir Putin: Well said!

Let us begin with the provision of housing for the Interior Ministry employees, as I understand, this is what you are asking. I would need to look up how much money is specifically allocated for that purpose, including in Khanty-Mansi Autonomous Area. I cannot tell you now, but I promise that I will look it up.

The housing issues of Interior Ministry personnel are probably not being solved as quickly as one would like. I am not ready to tell you right now how much housing was actually acquired, but this is one of the most urgent issues. We will see what happens in Khanty-Mansi Autonomous Area, what else can be done, and increase the funding accordingly.

Now, about corrupt officials. We are aware of this issue, and I believe it is a pressing one. However, the list of questions - I mean the analysis of the list of questions raised during today's cooperative work, including with you - shows that compared to past Direct Lines - and we are on the 15th event - this issue is not among the top.

Nevertheless, I believe that this issue is important, acute, and it is not a matter of house arrest, not even jailing people, the point is- I sense your family is involved in law enforcement - the point is that no offence should remain without the authorities' attention and without punishment. That is the most important thing. We need to arrange this mode of operation.

As for house arrest or actual prison terms, this is a question that must be determined by court depending on each specific situation and the guilt of the person who committed the offence. The most recent example is a conviction brought against a former head of the Federal Penitentiary Service, that is, a person who headed the entire correctional system, that is, the system that manages people serving sentences for crimes committed.

However, he broke the law himself, and as far as I know, the court yesterday rendered its verdict. A real term of 8 years in prison is a serious punishment. So, let us rely on the work of the judicial system, which, of course, needs to be improved, but nonetheless, there is no other institution under the Constitution that determines the punishment for those who have committed an offence.

Dmitry Borisov: I see the neighbouring section of our studio with Nailya is ready to join us.

Nailya Asker-zade: Thank you, Dmitry.

Mr President, you have been asked a number of times today about protests in social media but the internet is also used by entrepreneurs. In this connection, Ildar Neverov, chairman of the environmental committee of Delovaya Rossiya has a question to ask.

Ildar Neverov: Good afternoon, Mr President.

Last year I was able to ask you a question about waste, and it is meaningful that we are speaking about it in-depth and constructively during the Year of the Environment. However, today my question is not about solid waste but about a different sort of rubbish - information rubbish.

Information war in the business world is a tool of unfair competition. It is hard to treat it with impartiality. At the same time, recently we have seen and heard increasing information attacks on people in power. What do you think about this? Do you look at such materials?

Vladimir Putin: You know, as a rule, I do look at those materials, especially if they concern my colleagues; of course, I have no choice. As well as other information coming not only from the internet but also from TV, newspapers, radio, I always look at it carefully and - I would like to say and assure you - respectfully.

However, a person in my position necessarily has to double-check everything and draw final conclusions relying on objective data only. You and I know only too well that, unfortunately, the media as a whole and the internet are used for fakes, information attacks or just for political combat.

But what can we do about it? This is life; there is nothing unusual about it. However, I always have to crosscheck it with the resources at my disposal, and I have many of them. There is the Prosecutor's Office, the Interior Ministry, the FSB, monitoring agencies, the Presidential Control Directorate, which are all agencies, engaged in overseeing the use of budget funds.

So I have plenty of such resources, and before making any conclusion, I always, let me emphasise this, always try to treat people with care, and I first always double check any information.

Tatyana Remezova: Here is an SMS question: "Have you as president ever been cheated? What action did you take against the cheaters?" The question comes from Vladimir Novikov (Krasnoyarsk Territory, the city of Uzhur).

Vladimir Putin: I am looking around at what is coming via SMS and MMS. One question was, should we not reinstate the death penalty and hold a referendum on the issue? I can imagine what the result of that referendum would be. However, the question was, should the death penalty not be applied to murderers?

As for those who cheat or try to cheat. You know, I think everyone among those sitting here has some experience in being a target of cheating. This applies to you, Tanya, and you, Dima, and generally to all - practically all of our country's citizens. No cheating - it simply does not work that way.

I am also human and sometimes also become a target of such attempts. However, even when I see it I try not to make a fuss. Even if I am certain that there was an attempt to cheat me, before I respond, I will always look to see what that person's motives are, what they are after, why they wanted to do so and what they were trying to achieve. But I will not forget it.

Tatyana Remezova: Well, it has been a long time since we last heard from our call centre. Natalya Yuryeva please.

Natalya Yuryeva: Thank you, Tatyana. We have been on the air for 3 hours and 40 minutes. We have received 2.6 million calls. Even though during your previous Direct Line, Mr President, you issued orders that something be done about the deplorable condition of roads in many regions, the number of questions regarding this woe has not declined.

We have received hundreds of MMS graphically demonstrating the sordid condition of roads. There is endless mud and enormous potholes in Samara Region while in the Dagestani village of Madzhalis, despite the fact that there is an asphalt-making plant there, locals say there are practically no paved roads.

Vodyanaya [Water in Russian] Street in Kostroma really lives up to its name: it is full of puddles. I suggest we watch the video question that came from Valery Lebedev in Krasnodar.

Valery Lebedev: Good afternoon, Mr President. This is Valery Lebedev. I am 20. I am a third-year student. I have two and a half years of driving experience. I would like to ask you a question.

I am an ordinary Russian citizen. I always pay my taxes and would like to know why the roads in Krasnodar (Novorossiiskaya Street) are in such a state? Please look at this.

Here is my car and here is the road surface. Is this surface acceptable? Is it up to standard or not? I urge you to take measures. Thank you very much. And all the very best.

Vladimir Putin: Thank you, Mr Lebedev, for your question and for your account.

You asked whether this could really be so. We can see that it can because we have seen it with our own eyes, but this must not be so, and here is what I would like to say in this context.

What is going on with our road construction? Federal roads are being developed and built. About 77 percent of federal roads have already been brought up to standard, and this is appreciable growth. As for local roads, regional roads, unfortunately, growth there is almost negligible: from 36 percent to 42 percent.

Unfortunately, recently, the situation with road construction at the regional and municipal level has deteriorated. This has to do, among other things, with a shortage of resources. I will not go into detail now. We once discussed and did it - we raised excise taxes to improve road construction financing. Some of these resources go to the federal level and some go to the regional level. Just recently, not so long ago - although I assure you, we regularly revisit this issue - I spoke to the Finance Minister. As usual, the Finance Ministry is very careful about the federal part but we will have to take some decisions to boost financing of road construction at the regional and municipal level.

Nevertheless, I would certainly not let regional and municipal authorities off the hook. It is up to them to get their priorities right in allocating financial resources to address particular issues. Still, I promise that we will pay special attention to this at the federal level.

Dmitry Borisov: Mr President, during preparations for Direct Line and even during this show, questions kept coming in. We selected several questions that we would like to ask you in a quick round of questions.

Vladimir Putin: Surely, we will not keep going until morning?

Dmitry Borisov: Not until morning, that is why it is a quick round, so it will be short.

For example, "You often say you grew up in an ordinary family. Do you know how ordinary people live in Russia today?"

Vladimir Putin: I certainly do.

Firstly, we still communicate. Secondly, I recently told my colleagues about my family's life. I told them how my father would go and read the electric meter, how he counted every kopeck so as to pay for electricity in full and on time. I still have that habit: I cannot leave the lights on. When I leave the room, I always turn the lights off. This is why I know it so well.

Can I ask one lightening round question? I see Mr Gazzaev sitting in front of me. Football is a concern for me too. Will we play football or not? Let him have a microphone, please.

Dmitry Borisov: Valery Gazzaev answering.

Valery Gazzaev: Thank you, Mr President.

Vladimir Putin: In advance of the World Cup.

Valery Gazzaev: First of all, thank you for the wonderful infrastructure that will be built, for paying a huge amount of attention to healthy lifestyle and the health of the nation.

As to football, I am myself very much concerned about it. Let us hope the new young national team will play well at the coming Confederations Cup, and we will all enjoy it.

Thank you very much. I know, I recall 2010 when it was you and your authority and attention alone that got us the right to host the World Cup. And now I would like to share something with you, now that I was given a chance to speak.

I have the following question. I wanted to say that ahead of the World Cup the Russian Football Union declared that the success of the national team is impossible to guarantee in football, so it seems reasonable to set the next target - the popularisation of football regardless of the national team's results.

I think if we set such tasks, then we will definitely achieve nothing. Moreover, this a home World Cup, and I believe we must achieve the best possible result. As it was said here, of course, I would like you to have an impact on the result, especially on the national team.

What do you think, Mr President, what kind of results should our team have and how should it perform at the coming home World Cup?

Vladimir Putin: Mr Gazzaev, I wanted to hear it from you. You are smart to pass the ball to me.

Valery Gazzaev: I can say in earnest that I have the same opinion as you do, Mr President.

Vladimir Putin: Thank you. Let us hope that the boys will give it their all like real fighters and athletes, so as to make our fans happy at least by striving for victory. By the way, the recent matches show that the national team still has potential.

Tatyana Remezova: We continue our quick round of questions: "They say you literally lost your head over digital economy. Is that true?"

Vladimir Putin: My head is okay.

Tatyana Remezova: Thank God.

Vladimir Putin: But the digital economy - without it, we will not be able to move on to the next technological level. And without the transition to a new technological model, the Russian economy, which basically means Russia, has no future. Therefore, this is the number one goal in the economy that we must achieve. The main thing is that we do have all the prerequisites in place for this. Thank God, we have preserved a very good school of mathematics; our computer ***programming*** is developing very intensively, we just need to provide a market for our software engineers. We have many good technological projects. We can do this.

Dmitry Borisov: We have received texts like this: "Do you really think that people believe these fabricated questions?"

Vladimir Putin: Believe what?

Dmitry Borisov: "Believe fabricated questions."

Vladimir Putin: "Let us free the world from this evil!" It is not clear what evil. Is this a fabricated question?

"What do you do in your spare time?" I work.

"Why do wages for the same work often differ across the regions, even in public institutions?" Because the subsistence level varies across the regions and local production facilities have been developing at a different pace for decades. In one place, the cost of living is higher than in another, I am talking about the subsistence level. These are interrelated things that have evolved over decades. However, we have to even out the incomes and certainly federal employees have to make roughly the same money across the country. All these questions are always at the focus of our attention. And we will continue working on them.

Therefore, these questions are clearly not prepared in advance. Nor are all the others that were asked here today.

Tatyana Remezova: "Which world leader has the strongest handshake?"

Vladimir Putin: You know, the strength of a leader is not measured by their handshake; it is measured by their attitude towards the work they do, towards the fate of their country and their people, and by their personal commitment and dedication while exercising their powers.

Dmitry Borisov: Another urgent question: "Do your words about 'never ratting on friends' apply to bribe takers and corrupt officials?"

Vladimir Putin: I do not consider them my friends.

Tatyana Remezova: "It is rumoured that there will be no indexation of pensions until 2030. Is that true?"

Vladimir Putin: No, it is not true, it is rubbish. We have a law, and in accordance with this law, we will index pensions at least according to the previous year's inflation rate.

Dmitry Borisov: "How many languages do you speak?"

Vladimir Putin: Russian, thank God, I am also fluent in German, and I can speak a little English.

Tatyana Remezova: "How do you feel about jokes about you?"

Vladimir Putin: It depends on the joke.

Tatyana Remezova: Is there a favourite?

Vladimir Putin: No, I never remember them. Do you think I keep them in mind or something? I have not read a single book about myself, and I certainly never remember jokes.

Dmitry Borisov: Another question: What is the biggest fish you have ever caught?

Vladimir Putin: Yes, I know this is a matter of interest for professional and amateur fishermen, I read about it and see it on the internet. Honestly, the fish was weighed in my presence, it was 20 kilograms, although many believe it did not look big enough to weigh 20 kilograms. But this is what I saw. Maybe somebody was standing near with a finger on the scale, but I did not notice anything.

Tatyana Remezova: At Direct Line, we have a tradition we will not break. Usually you yourself pick out some questions you liked or you want to answer, so we are giving you this opportunity.

Vladimir Putin: You know, I do have such questions, I selected them, but I did not take them with me. They are not even questions per se but requests, and sensitive ones. I will not say what they were, but I will do my best to respond to them, all the more so as such requests come from people with special needs.

These requests are not huge, but they are very specific. I will try to do this. However, while I was talking here with you, I looked around, and some questions appeared universal to me. I mean, not universal but important, and some were regional but serious as well.

Here is one of the questions, not a serious one, but nevertheless: When will the Russian President drive a Russian-made car? I hope this will happen soon. This not an idle question.

I once asked the head of a western car manufacturer what car he drove. He said: "Why, ..., of course" and named the company he worked for. This is natural.

And of course, a country like Russia must ***produce*** a line of cars that the country's top officials will use. We are working on this. I hope that by the end of 2018 this will materialise, and this will be a line of cars not only for top officials, like limos, but it will also include SUVs, minibuses, hatchbacks, and others - that is, it will be a brand new line of domestically ***produced*** cars.

"Will the Armed Forces service period be extended?" The question is not quite clear. If the person asking means conscription service, then of course not; but if the period of service for officers was meant, then this has to be considered.

I know that many officers would like the service period to be extended. This issue has to be examined and taken seriously, with all the pros and cons analysed. Overall, this is possible.

Another question: "Who do you ***plan*** to choose as your successor?" Firstly, I am still in office. Secondly, I want to say that this is a choice for the voters - the Russian people. Of course, I made my choice a while ago, and I see nothing dishonourable in saying that my preferences are such and such; but ultimately, we should not forget that Russian citizens are the ones to vote, and it is only up to them to determine who will lead a region, a district, a city, an area or the country.

You know, this is a strange question: Governor Merkushkin deprives federal veterans of some allowances. I do not even understand what this is all about. How can any governor, not only Nikolai Merkushkin but also others, stop making payments to federal beneficiaries? I do not get this. I will check on this, by all means. I want you to know that I paid attention to this question.

Finally, this is not a question but a statement. I read it. It says, "Everything will be fine." This is true. I can confirm it.

Dmitry Borisov: You said that the voters would decide who would be the head of state. Could you predict what challenges the head of state whom they will elect for the next six years will be facing? What priority tasks will the president have to focus on?

Vladimir Putin: We have many tasks. The first and the most important one is to ensure that people's incomes go up. It is necessary to eliminate poverty, shacks and hazardous housing, but we can achieve this only if we grow our economy at the necessary rates.

In this context, it is necessary to pay attention to labour productivity and increase it, but this is impossible without transitioning to the next technological level, and at this point, we need the digital economy and properly organised work.

We must make substantial adjustments of administrative forms at the level of municipal entities, regions and the entire country.

It is perfectly obvious that we need a serious transformation of management at this point. This is not a big but a very important list of tasks that will be raised in the near future.

Tatyana Remezova: And the final question: Will there be one more Direct Line with Vladimir Putin or is this the last one?

Vladimir Putin: If there is any line, it will be only direct, just as today.

Dmitry Borisov: Thank you. We received answers to a majority of questions. We hope that today's session will also help resolve many problems raised by our audience.

Vladimir Putin: Thank you, thanks to the anchors and thanks to all citizens of our country who took part in our joint work today.

I would like to apologise if I did not answer all of your questions. Please do not be cross with me. That is impossible to do, and that includes questions from our audience.

However, it is very important for me to hear your opinions, to see what you think about events in the country. It is important for all of us - for the Government, the Presidential Executive Office and for me - to analyse the incoming questions, proposals, requests or critical remarks.

We will take all of them into consideration in our practical work. In any event, we will do so to the best of our abilities.

Thank you very much! See also: Answers to journalists' questions following Direct Line June 15, 2017 , Moscow June 15, 2017, Moscow Standard website version News Speeches and transcripts Presidential Executive Office State Council Security Council Commissions and councils Site map Official website of the President of Russia [*www.kremlin.ru*](http://www.kremlin.ru)

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[***Historical Context of Agricultural Commercialisation in Ghana: Changes in Land and Labour Relations***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BH2-VXY1-JBMY-H40T-00000-00&context=1516831)

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**ABSTRACT**

This paper provides a broad review of agrarian change in Ghana by highlighting the major developments in the agrarian political economy and their implications for ***agricultural*** commercialisation and its modifying influence on land tenure systems, livelihoods, production systems, social relations, and labour relations. While current land tenure arrangements and labour relations in Africa are often explained in terms of globalisation, we argue that the historical context of ***agricultural*** commercialisation in Ghana shows continuities and discontinuities in agrarian relations from the colonial period to the present. We also argue that changes over the years have blended with globalisation to ***produce*** the distinct forms of labour relations that we see today. The commercialisation of ***agriculture*** in Ghana has evolved progressively from the colonial era aided by policies of coercion, persuasion and incentives to its current globalised form. The expansion in the range of commodities over time necessarily increased the demand for more land and labour. The article contributes to the literature by providing great insights into changes in land and labour relations due to increasing commercialisation, and how these enhanced wealth accumulation for the richer segments of society and global capital to the detriment of the poor throughout Ghana’s agrarian history.

**FULL TEXT**

**Introduction**

As is the situation in many African countries, ***agriculture*** is the major economic activity in Ghana, contributing about 23% to the gross domestic product (GDP) and employing about 60% of the population (GSS, 2012). Although agrarian structures in Ghana have become more commercialised in recent years, the country has historically not been able to achieve very high growth rates in ***agriculture***. A renewed growth spurred by structural adjustment policies lost steam in the 1990s. Large-scale ***agricultural*** land deals of the late 2000s fit into the discourse of ‘foreign investments to the rescue’ of ***agriculture*** characterised by cheap labour, abundant land, foreign markets and therefore high profitability. The profitability of these ventures is premised on the political economy of state support, open-door neoliberal policies, impoverished countryside, high and rising international and local food and fuel prices and the poor performance of economies in advanced countries.

A number of studies have emerged examining the processes, drivers, dynamics and impacts of these land deals (Ahwoi, 2010; Amanor, 2010). However, only a few researchers have tried to locate the current processes, dynamics and outcomes within the wider historical political economy that defines the evolution of the commercialisation of ***agriculture*** in Ghana. Consequently, there remains a lack of understanding about how contemporary agrarian forms, processes and dynamics are shaped by the past political economy, cultural and institutional arrangements. To fill this gap, we emphasise the interplay of socioeconomic and policy changes since the colonial era that define and shape agrarian relations of production especially around land, labour and markets. Our analysis focuses on the question ‘How does this history shape current commercialisation processes of large-scale land deals in Ghana?’ This paper provides an analysis of:

a) The major developments in the agrarian political economy at different periods.

b) The policies and pieces of legislation about land and ***agriculture***.

c) The implications of a and b for ***agricultural*** commercialisation and its particular features; land tenure systems; production systems; social relations, particularly labour relations.

We argue that changes in agrarian relations and form in Ghana have been a result of the interplay of tradition and modernity. The state of ***agricultural*** commercialisation reflects change and continuity during the last century, involving structural changes and processes in policy, labour, land and markets. The current state of ***agricultural*** commercialisation is a function of various models adopted over several decades. Continuity of the processes and relationships between people and capital are important in providing an understanding of likely trajectories and outcomes of current commercialisation models. Formal institutions gradually influence informal institutions and in some instance override them by the use of force and indirect mechanisms, such as taxation and incentives.

**Changes in agrarian political economy and *agriculture*-related policies (1874–present)**

Since the colonial era, the agrarian political economy in Ghana has gone through a number of twists and turns. While subsistence food production dominated the ***agriculture*** landscape during the pre-colonial era, colonial penetration and expansion (especially since 1874) saw a drive in production of oil palm and mining of minerals with enormous influence on the development of commercial norms (Dickson, 1969; Hilson, 2002; Jackson, 1992) in land and labour. The Dutch were the first to introduce a plantation system to the then Gold Coast in the early 18th century. However, it failed to gain much acceptance due in part to inter-ethnic conflicts, inter-colonial disputes over territorial expansion and acquisition, and the negative attitude towards the plantation system by the British colonial rulers who believed that traditional farming systems were more economically resilient than large plantations (Huddleston and Matthew, 2007). Gyasi (1996), for example, argues that the colonialists feared that extensive land acquisitions for plantations could alienate the peasants, seriously disrupt their export production system, and precipitate local opposition and conflict. The Department of ***Agriculture*** (1900–1950) was responsible for educating farmers, and assisting them to ***produce*** export crops in large quantity and of better quality. A successful peasant sector saved the country from state ***intervention*** by encouraging large-scale multinational companies.

By the 1920s, cocoa had taken over from oil palm as the country’s principal export because of the declining world prices for oil palm compared to that of cocoa and coffee (Daddieh, 1994). The colonial state established an export-oriented economy to meet the needs of industry in the metropole and supplied the cash needed to govern. The economy of the Gold Coast revolved around these export crops and minerals mandating the flow of labour from all parts of the colony and the northern territories towards the ‘golden triangle’ where commercialisation was at its peak. The appropriation of the surplus value by the metropole was to be achieved through cheaper administration, labour and land.

**Establishment of large-scale plantations (early post-independence era, 1957–1970s)**

The radical measures taken by the Convention Peoples Party (CPP) after independence in 1957 sought to change the economic structure of the new nation, Ghana. ***Agriculture*** continued to be the most important means of achieving the industrialised status that the CPP had envisioned for the country. The shift in ***agriculture*** policy followed a socialist’s collective model involving the establishment of new large-scale state farms, and Workers and Farmers’ Brigades (Songsore, 2003). Contrary to the colonial confidence in small-scale farmers, the first Five-Year Development ***Plan*** (FYDP) (1951–1956) was anchored on the view that small-scale ***agriculture*** was difficult to modernise or adapt. Hence there was the need for large-scale farms under state control, which would use mechanised forms of production. The ***Agricultural*** Development Corporation (ADC) was established to promote ***agricultural*** development through ***agricultural*** modernisation.

The commodities served two purposes, improving the nutritional requirements of the populace and also acting as a crucial foreign exchange earner. In that vein, cereals, fish, rice, sugar and cocoa were given special attention. An extension of the production frontier into the Western and Brong Ahafo regions for cash crops and the appropriation of large areas of northern Ghana for cereals by the new socialist systems gained ground. Individual farmers were motivated to join the cooperatives in order to have access to machinery and other modern techniques through extension services. In this way, the government was able to use ***agriculture*** to advance the system of a mixed economy where private farmers and public entities had their roles well cut out (Asuming-Brempong, 2003). According to Daddieh (Daddieh, 1994: 194), the ***agricultural*** policy vacillated from creating a ‘public sector peasantry’ to an ‘agrarian bourgeoisie’, but overall the government displayed a preference for socialised ***agricultural*** production on state-owned farms. However, the new agrarian structure did not achieve the success obtained in the colonial era mainly due to the capital constraints, political interference, poor ***planning*** and management, and the rigidity of the centralised state control system (Gyasi, 1996). This led to the abandonment of this model after the overthrow of the CPP (1966) in preference for privatised commercial farms between 1966 and 1971 using an export market-oriented approach.

Following the military coup by General I.K. Acheampong in 1972, a shift to large-scale private investment in plantation ***agriculture*** was advocated. However, the economic and social benefits of traditional small-scale farming were also recognised, and the government insisted that contract farming be an integral part of any agribusiness operation (Daddieh, 1994). Commodity development boards were also established to enhance ***agricultural*** activities of smallholder farmers. Cotton and grains were particularly given attention in the north of the country to counterbalance the colonial labour reserve policy. The Cocoa Marketing Board, for instance, was in charge of marketing, research and the development of cocoa, coffee and shea nuts production. The famous ‘Operation Feed Yourself’ ***programme*** introduced by the Acheampong regime aimed at encouraging Ghanaians to ***produce*** enough food for consumption. Closely on the heels of that policy was the ‘Operation Feed Your Industries’ ***programme*** instituted between 1972 and 1974, which aimed at ***producing*** raw materials for Ghanaian industries, which were already operating below capacity. An effective partnership between large-scale and small-scale peasant ***agriculture*** was forged to achieve one national objective of ***producing*** export crops and raw materials for industry. Effectively, three models of ***agriculture***, viz, the plantation model, outgrower model and clusters of medium and large commercial farms, were operational in Ghana in the 1970s. The plantation model involved huge land parcels devoted to one crop and owned and operated by a single company. The outgrower model involved several farmers ***producing*** under contract through the guidance and supervision of a mother entity using their own land and in a few instances company land. Clusters of commercial farms emerged as a result of the suitability of contiguous land areas for particular commercial crops in high demand, thereby leading to mass land leases/sales to richer farmers.

A careful analysis of the ***agricultural*** policies pursued under these post-independence regimes indicates that they all tended to favour large-scale, capital-intensive production over small-scale production units. There was the assumption that direct control of the production process via plantations would provide cheaper commodities for the industrialisation drive more efficiently than the peasant farmers who were famous for ***producing*** export crops. It therefore made sense only to involve the peasant farmer through outgrower systems to complement production on state farms and privately owned plantations. The state relied on a system of high direct and indirect taxation of ***agricultural*** commodities, control of ***agricultural*** marketing, input supply, and storage, through public administration with less participation by the private sector. This top-down model of governance was conducive to the exploitation of the peasantry for the modern industrial society envisaged, characterised by urban bias policies.

**Liberalisation and promotion of export crops (1980s–2000)**

In response to the economic crisis of the late 1970s, the Government of Ghana (GOG), with the help of the World Bank, adopted an economic recovery ***programme*** (ERP) in 1983 and this was followed by structural adjustment ***programmes*** (SAPs) in the late 1980s These ***programmes*** placed more emphasis on the cocoa, timber and mining sub-sectors. ***Agriculture*** was one of the sectors to receive massive reform during the period of the structural adjustment ***programmes***. Investment codes, which were meant to liberalise the economy and promote investment in tourism, ***agriculture***, logging, real estate and mining, introduced the second wave of large-scale land acquisitions in the country. The major policies reflected the scaling back of the role of the state in favour of privatisation. Policies in the ***agricultural*** sector included the removal of subsidies, disbanding of marketing boards, support for export crop production, land tenure administration reforms to enable foreign direct investments, and the liberalisation of trade in all sectors.

The production and export of cocoa witnessed tremendous growth during the period. Between 2000 and 2006, the cocoa sector grew quicker than the rest of the economy and increased its share of national GDP from 3.5% to 4.7% (Coulombe and Woden, 2007). Production prices for cocoa continued to surge and by the 2010/2011 crop season, cocoa farmers enjoyed 70% of Free on Board prices of the commodity (GAIN, 2012). These policies sought to correct the widely accepted theory that the state had to appropriate an increasing proportion of the ***producer*** price to use in expanding its political patronage (Bates, 1981; World Bank, 1983).

In addition to cocoa, new crops especially in the fruit and vegetable sub-sector were introduced to farmers under the banner of ‘non-traditional’ export crops. Trade liberalisation, which came at a later stage of the reforms, propelled the production and export of non-traditional ***agricultural*** export crops such as pineapples and pepper (FAO, 2006), which had an average growth rate of 13% between 2000 and 2007. Pineapple, one of the major horticultural crops, witnessed a hike in production and export during the period to the extent that, in 2004, Ghana alone accounted for 10% of pineapple exports to the European market. The production of other crops such as mangoes, shea and cashew nuts, chillies and aubergines increased dramatically. Much of the growth in this sub-sector can be attributed to private investors who sometimes engage smallholder farmers as outgrowers.

Food crops, which initially suffered due to the opening up of the food markets to global cheap products, subsequently enjoyed significant production growth due to land expansion and the application of modern farming practices during the period. For example, maize, cassava, yam, cocoyam, millet and sorghum saw tremendous growth in production between 1983 and the mid-2000s (Breisinger et al., 2008). The period was characterised by a domination of small-scale farmers, but with a rising number of medium-scale farmers, who concentrated land due to the profitability of joining global value chains in newly introduced crops, and the expansion of cocoa farms. The diversification of state enterprises also placed considerable landed ***agricultural*** resources and processing units in the hands of the private sector. Hence, the period marked a continuation of the structure of the 1970s plantation and outgrower models under private ownership. This period marked a new phase in the incorporation of the small farmer into global supply networks.

Neoliberal policies have, in recent years, focused on introducing institutional reform to facilitate and regulate the operation of free markets. Ghana reduced the role of the state in direct production activities, which led to the privatisation of state firms and farms (White and Bhatia, 1998). Most of the controls and regulations within the economy were dismantled in the 1990s, and the country now pursues an outward-oriented development strategy with a minimal role for the state in economic activities (Jebuni, 1995). Governance is therefore under both private and state domains, as each constitutes a series of rules of operation. The World Bank made a good case for control by global firms as these are argued to create more efficient networks to the benefit of smallholders and national economies. Thus, a global network of ***agricultural*** commodity and input trade has deepened the commercialised landscape of ***agriculture*** in Ghana.

***Agricultural* modernisation and transnational investments in land (2000–present)**

The liberalisation of the Ghanaian economy coupled with the need for foreign direct investments, within a doctrine of modernisation of ***agriculture*** under private systems, led to the rise of large-scale commercial farming. In the wake of the food and energy crises, which hit many parts of the world in the mid-2000s, transnational investments in land have become a major development vehicle and a new form of capital accumulation for investors across the world. As in other African countries, two main pathways are used by international capital – the first is building effective agribusiness value chains over which they have control. The second is to acquire land directly from the state and allodial landholders for direct production. Hence, three modes of production, viz, the smallholders, outgrowers and plantations, are encouraged.

An intensification of globalised networks through the promotion of ***agricultural*** value chains, which incorporates smallholders into agribusinesses, has emerged as an important strategy of ***agricultural*** commercialisation and modernisation (World Bank, 2007). This is similar to the statist project in the 1970s when peasant farmers were forced to ***produce*** for state companies and parastatal marketing companies. This time, farmers are linked to global commodity chains that are believed to improve their living standards and ***agricultural*** efficiency.

In the quest to modernise ***agriculture*** in the country, the government has encouraged foreign capital to invest in the ***agriculture*** sector. In this vein, the state has made several concessions through the Ghana Investment Promotion Council in order to attract foreign investors (Ahwoi, 2010). It has also facilitated land acquisitions for many foreign companies. However, the profiles of most foreign companies trooping into the country for farming show that many are engaged in agro-fuel crop production, which is not consistent with historical food and cash crop production in the country.

Ghana has featured among the top 20 hotspots of transnational land deals in the world. For example, in 2009, about 452,000 hectares of such acquisitions were recorded in the country (Kachika, 2010). In the last few years, for instance, Italian-based Agroils obtained 105,000 ha; the UK company, Jatropha Africa acquired 120,000 ha; Scan Fuel (Norway) cultivated 10,000 hectares and has contracts for 400,000 ha; Galten (Israel) acquired 100,000 ha (Friends of the Earth Africa/Europe, 2010). Others are Biofuel Africa from Norway, ITFC from the Netherlands, Praerie Volta Rice from the USA, Kimminic Estates Ltd, Natural Africa Diesels, Central Supercare Company, B1 Ghana Ltd., GoldStar Bio-Diesel Company, and Biofuel Africa Ltd Northern Sugar Resources Ltd. The majority of these companies used the land to cultivate agro-fuel crops. Due to the falling interest in these oils, some companies are now investing in food crops, especially maize, a flexible crop that could be both a food and an agro-fuel crop. These land acquisitions involve the transfer of common property lands by chiefs and family heads with little benefit going to community members, except for the promises of a good life associated with the modernisation that these projects are to bring (Tsikata and Yaro, 2011).

A new governance framework based on private–public linkages is in vogue. The major donors have advocated civil society incorporation/co-option. According to Amanor (Amanor, 2009), the political structures of governance are shaped to fit into agribusiness modes of accumulation whereby governance reforms are sometimes presented as necessary to encourage agribusiness and at other times agribusiness is presented as a dynamic part of the new structure of governance. In some commercial land acquisitions, the Government of Ghana has partnered foreign companies to invest in various ***agricultural*** projects. The case of Prairie Volta Company is an example of such partnerships. Prairie Texas, Ghana Commercial Bank and the Government of Ghana have 40%, 30%, 30% equities respectively in the company (Tsikata and Yaro, 2011), which is on 1250 hectares of land acquired in 1977 by the state.

There is also emerging interest in the savannah woodlands in Northern Ghana. The example of ITFC, which is supposed to be the outgrower model that benefits the communities and the company, was to guide future investments in the country. The business model of engaging outgrowers hinges on farmers receiving inputs and technological support, and marketing assurances. In return, farmers are expected to sell their ***produce*** to the company for export. However, the romanticisation of the project’s model was short-lived as many farmers lost their farms to savannah fires, while the remaining farms registered poor yields (Yaro and Tsikata, 2013).

**Discussion of the effects of major *agriculture*-related policies on land tenure and labour relations**

In this section, we discuss how changes in the ***agricultural*** political economy and ***agriculture***-related policies described above shaped land tenure systems and labour relations following the colonial era (1874) to the present.

**Effects of changes in *agriculture*-related policies on land tenure systems**

Land tenure systems in Ghana have changed since the colonial era (1874) in line with the changes in ***agriculture***-related policies described above. The changes in land tenure relations allowed for commercial crop production during the colonial era. The growth of the oil palm industry, for example, did not mandate land acquisitions initially, since the crop grew wildly and was a common resource for all in the community. By the 19th century many farmers consciously cultivated the crop. Land sales and sharecropping arrangements emerged to accommodate the commercial pressures. The lucrative trade in oil palm and kernels led the Krobo people to acquire more lands from the Akuapem, beginning from 1814 (La-Anyane, 1961). This land acquisition led to an inward migration from the dry coastal savannah to the humid areas representing the oil palm belt. The communal system of land ownership was highly adaptable to commercial pressures. Extensive areas of land were acquired by migrants through sharecrop arrangements for commercial production. Hence, the communal landownership system did not prevent but rather aided the rapid development of commercial farming (Arhin, 1985; Hill, 1963).

Sharecropping did not evolve only out of the commercial pressures but did so as part of a social system or context that dovetailed the pre-historic relationship between the Akan forest region and the northern slave-***producing*** areas. Not only did the colonial administration build upon these exploitative social relations in carving out the latter area as a reserve, the relations came to inform one’s access to land in the Akan region, which was largely determined by one’s membership of a matrilineage. Northerners did not have easy access to farmland especially in the forest region because of this form of production relations.

Hill (1963) asserted that it was the scramble for lands for cocoa farming and the arbitrary wholesale disposal of stool lands to cocoa farmers which led to the creation of individual and family land rights from stool lands in many parts of southern Ghana (Stool lands are mainly controlled by chiefs who occupy the seat of authority, the stool, on behalf of the people). In 1917, Governor Hugh Clifford was reported to have said that, though all land still theoretically belongs to the Stool, the vested interest of the cocoa farmers has brought into being a measure of individual property in real estate, such as was never contemplated by ancient tribal customs (Appiah, 2012). The massive spread of cocoa farming and the immense wealth some Gold Coasters amassed as cocoa farmers and merchants propelled the appreciation of land values. These events led to the increasing sale of land by chiefs (Firmin-Sellers, 1995; Green and Hymer, 1966; Hill, 1963). The scramble for land resulted in protracted inter-ethnic disputes. Apart from investing in cocoa farming, chiefs took steps to consolidate their rights to stool lands.

As cocoa and timber trade became lucrative in Ghana, the colonial administration became particularly interested in controlling lands, in order to gain natural resource revenue (DeGrassi, 2003). As such, the Public Lands Act was passed in 1876 to allow government to expropriate lands for public use but the government arbitrarily leased some of those lands to private companies and individuals without recourse to the original owners. The colonial administration attempted in 1894 to create ‘Crown lands’ by passing what became known as the *Crown Lands Ordinance*. This sought to vest ‘waste and forest lands and minerals’ in the hands of the colonial administration. However, the Crowns Land Bill could not be implemented because native people vehemently resisted it, on the grounds that it ignored the fact that they had inherited these lands from their ancestors (Teye, 2011). To bring land administration under British land legislation, additional interests in land were introduced under common law. This introduced the plurality of tenurial regimes in the colony (Aryeetey et al., 2007).

The land policies inherited from the colonial government did not change much after independence in 1957. The following Land Acts governed these land tenure regimes: State Lands Act (No. 125, 1962) for public lands (Republic of Ghana, 1962) and the Administration of Lands Act (No. 123, 1962) for vested lands. With regards to vested lands, management functions are held by the state but the allodial titles are held by chiefs. The implication of these legislative instruments, which are still in operation, is that ownership of any parcel of land does not necessarily translate into ownership of the naturally occurring resources of that land.

The state acquired lands mainly by executive instrument over large areas. This was necessary to enable the CPP government carry out its socialist ***agricultural*** model of establishing state farms (Gyasi, 1992). People whose lands were taken by the state were compensated. Participation of ordinary people in land matters was limited in state negotiations, while chiefs considered ‘anti-state’ or against the CPP had no voice. Joint ventures with private capital in the 1970s involving state acquisition had similar features. The transfer of these units therefore represents the basis of land concentration in modern Ghana.

The new food production areas also began to experience commercialisation of ***agriculture***, especially in the north of Ghana which had been a labour reserve with few failed colonial experiments on cotton and groundnuts. This time of the rice, groundnut, livestock and cotton projects had generated competition for land. The rich farmers, urban elites and the chiefs seized the major valleys with support from the state in the form of capital and inputs. That is, a colonial policy that declared northern lands as crown lands was now under the control of the president, thereby giving the bureaucracy leeway in use of these lands.

Traditional sharecropping arrangements involving small-scale farmers dominated most agrarian production in the postcolonial era (Hunter, 1963; Okali, 1983). These were maintained from the colonial era as they served their purpose well in enabling both indigenes, and migrants access to land. However, the *abusa* (*abusa* is to share into three parts) sharecropping system of the colonial era had mutated into *abunu* (*abunu* is to share into two parts – land to tenants on a half-crop share basis), involving sharing of the harvest or land into two, especially in the Eastern Region as land became scarcer (Amanor, 1999). The value of land was rising against labour due to state large-scale acquisitions and higher demand for export commodities. So the bargaining power of labour fell.

**Neoliberal policies, large-scale land acquisitions and class struggles**

Neoliberal policies adopted after the 1980s also shaped land relations. Land has become more commercialised than ever before, following the passing of the Land Title Registration Law of 1986 (PNDCL 152) (Republic of Ghana, 1986). This formally enabled individuals and companies to legally register interest in land. The Land Administration Project (LAP) sponsored by the World Bank further sought to streamline land transaction procedures and deal with the teething problems in the land sector to enable investors to confidently acquire lands (Ministry of Land and Forestry, 1999). These policies, working in tandem with the rapid urbanisation, population growth and production pressure in rural areas, led to incremental modifications in traditional customary systems to accommodate commercial ***agriculture***. The sharecropping tenure regimes of *abunu* and *abusa* that in the past enabled migrants to have access to land and inputs, under the liberalised economy, are now considered exploitative and arbitrary (Amanor and Diderutuah, 2001).

The top-down projects sponsored by the World Bank in an effort to bring about the modernisation of ***agriculture*** often expropriated land from the poor to redistribute to the middle sector smallholder farmers who could afford the minimum investments in inputs and hired labour (Amanor, 2009). A deepening of the proletarianisation of poor farmers occurred as they lost their lands and joined the hired labour pool. There are differentiated effects and a class struggle among rural hierarchies embedded in the processes of commodification and commercialisation of land tenure transactions in Ghana (Abraham and Yaro, 2013). For example, access to customary lands is usually through inheritance. In many farming communities, male heads allocate land and the beneficiaries are usually male household members. Women’s access and rights to land are usually secondary and even then, this is acquired through their husbands. Although many women engage in ***agriculture*** and land-based livelihood activities, their access to land remains limited. A vast regional disparity has been identified regarding women’s access to and control of land in Ghana. While 50% of land in the Ashanti region is controlled by women, women in Upper East, Upper West and Northern regions control only 2% of lands in their respective regions (CEDAW, 2005). Also, the youth are a new marginalised group in access to land as commercialised decisions lead to land being allocated to non-kin for economic gain. The principles under which access to and control of land in both matrilineal and patrilineal systems operate are under attack due to the development of land markets that favour the highest bidders, the largest being foreign investors.

Since 2000, there have been concerns that the rise of large-scale land acquisition by both foreigners and locals for ***agricultural*** investments are compromising the land rights of small farmers, women and other local stakeholders (Hughs et al., 2011; Yaro, 2013a). The state and pro-market ideologues believe this concentration of land is necessary as modernisation is easier under such private large-scale ventures. What is not shown for now is the extent to which capital accumulated can be redistributed to the vulnerable and the poor whose livelihoods are affected by these changes.

Poor farmers are displaced from their lands by allodial title-holders who prefer leasing large tracks of land to multinational companies not only for farming but also for mining, tourism and fishing. The emerging scenario among smallholders is a disaggregation into the very poor who are not part of global commodity systems, and the smallholders who manage to concentrate some land, acquire inputs and state support in ***producing*** value chain products. Both the large companies and value chain smallholders squeeze the very poor resulting in their proletarianisation. Also, the lucky smallholders do not necessarily gain from these linkages due to the power imbalance between them and the companies buying their ***produce***. Quality rules and price-setting practices ensure that the smallholders bear the cost of measures meant to satisfy the consumers on the global markets. The whole value chain of food markets is increasingly influenced by power relations and market control, as agribusiness extends its area of influence throughout the world.

**Effects of changes in *agriculture*-related policies on labour relations**

Changes in ***agriculture***-related policies also resulted in changes in labour relations over the years. During the colonial era, the commercial production of oil palm over the years had led to share cropping arrangements between landowners and labour, which extended to cocoa and other export crops. In order to get labour to these production zones, the colonial state instituted the Poll Tax, which required payments that subsistence farmers could not afford. Hence, representatives of families needed to migrate to export crop zones and work as wage labourers. For example, labour migrated from the northern territories to cocoa farms and the mines (Hill, 1956). Colonial taxation policy aimed at creating labour reserves from where labour migrated to production zones in the golden triangle. Also, chiefs were required to provide annual quotas of labour to the production zones (Austin, 1987). In addition, the provision of basic infrastructure in the production zones to the neglect of the rest of the country created a pull effect to the disadvantage of the periphery (Yaro, 2013b).

Once in the production zones, the labour relations that developed reflected landholding arrangements because land was relatively plentiful and sharecropping became the preferred medium of payments. Sharecropping arrangements emerged as a labour strategy used by landowners to deal with the demands of land preparation, weeding and capital investments especially for cocoa (Amanor and Diderutuah, 2001). These are normally negotiations between landlord and tenant over access to labour, land and capital. They agreed on a division of the harvest, or a division of land into two portions, in a system called *domayenkye* (‘weed and we share’). Before the 1950s, share contracts were synonymous with the *abusa* system (Hill, 1956; Pogucki, 1955). These were a means of attracting labour as well as a disguised form of land sales defying bans by paramount chiefs. Austin (1987) argued that in Ashanti, *abusa* did not develop until the 1930s when the economic depression created difficulties for farmers in finding money to pay wages.

**From sharecropping to *agricultural* wage labour (1957–1970s)**

With independence in 1957 came the promise of jobs and employment for the masses. The emerging economic structure and new agrarian production systems created new labour relations and reinforced old relationships. The expansion of the production area meant that land was getting scarcer in relation to labour, which continued to migrate from poorly developed areas to commercial ***agriculture*** and mining areas. The ***interventions*** of the state were too little to reverse the initial processes of inequality. The forms of labour arrangements included wage labour on state and private farms, and cooperative farmers on state-acquired lands and communal lands. After the CPP was overthrown in 1966, the vibrant outgrower systems and plantations imposed an altered labour system of plantation workers and independent growers controlled by company contracts. At the same time, the labour relations in the private sphere were changing from sharecropping systems to wage labour as land became scarcer. ***Agricultural*** wage labour became an accepted form for most of the rich farmers who could afford to pay wages. In the frontier areas, where land was still abundant sharecropping continued as the viable option for obtaining labour. The working conditions for ***agricultural*** labour in export crop farms were still as difficult as in the colonial era as land/labour ratios altered (Arhin, 1985).

The Ghana Oil Palm Development Corporation (GOPDC), an oil palm plantation company, expropriated 9000 hectares of land previously cultivated by 7000 farmers at Kwae in Akyem Abuakwa (Gyasi, 1992). The GOPC project was modelled on three schemes – outgrowers, nucleus plantations and smallholder farmers. With the nucleus scheme, wage labourers were employed to work on the plantation, outgrowers were contracted to grow oil palm on their own lands but were obliged to sell the ***produce*** to the company, while smallholder farmers were allocated portions of the company’s land for oil palm cultivation and onward sale of the ***produce*** to the company. All the three schemes came with harsh conditions. One of such conditions for the smallholders and outgrowers was that the participant must not be unmarried, which discriminated against the youth. The youth were limited in options as they were either employed as farm labourers or had to migrate to seek wage work in other agrarian areas. In the rice valleys in northern Ghana, Goody (1980) describes how investors employed heavy machinery in the cultivation and harvesting of rice, but resorted to hired labour for management, uprooting of grass and transplanting. Local women dominated most of the farm labour operations, particularly taking the place of machinery. Commoditisation of labour in ***agricultural*** production became widespread as wealthier farmers envisaged a market for their products as created by the political economy of the time.

**Effects of large-scale land acquisitions on labour relations (1980s–present)**

Since the 1980s, the deepening of commercialised norms in ***agricultural*** production with the widening of the range of crops for export and domestic markets affected labour relations, especially in the household. The expansion in production envisaged by the structural adjustment ***programme*** incentives was contingent on the varying ability of farmers to use custom and power to negotiate successfully for the critical resource of labour (Awanyo, 2001). Mobilising family labour in matrilineal systems is problematic due to the nature of the inheritance systems and labour relations. Since nephews inherit from their maternal uncles, fewer sons are willing to build their fathers’ farm assets for others to inherit. Also, where production is destined for the market, with proceeds benefiting few household members or the head, other members resist conscription into family labour pools.

According to Awanyo (2001), success in labour negotiation and labour control depends upon adherence to the terms of contracts such that where an individual fails to meet contract terms, he/she confronts resistance and must struggle to control both family and hired workers. Women are unable to negotiate for labour from their kin or hired labour where resources are limited. Women are therefore less likely to increase production than men in an atmosphere of commercialised transactions and with a past history of discrimination and low wealth accumulation. Also, women and young boys and girls (youth) are assigned domestic tasks in addition to productive responsibilities, which take up most of their time. Also, there was increasing social differentiation in the 1980s among the labouring class of northern migrants in the food ***producing*** areas of the forest fringes. This was the result of the evolution of sharecropping, which defined the ability of many to lease land for food production.

Large-scale land acquisitions since 2000 have also raised concerns about the displacement of poor farmers. The promise of employment by companies is often not commensurate with the quantum of unemployed displaced people. Furthermore, the casualisation of employment on these farms creates earnings uncertainty and deprives workers of their rights to social security. Mechanisation of ***agriculture*** on large and small farms is reducing avenues for employment and suppressing wages. Modern techniques of production render most forms of labour irrelevant. The rise in urbanward movements of displaced people due to production pressures and land concentration is mainly the result of rural unemployment and underemployment created by the new agrarian structure.

The movement into wage labour by poor farmers is a new phase in the commercialisation of ***agriculture*** better interpreted as forced proletarianisation. The livelihoods literature erroneously classifies this as diversification into income-earning activities from peasant modes of ***agriculture***. Adapting livelihoods, especially becoming a farm worker, is not a choice but a necessity resulting from structural changes to the agrarian system.

Land scarcity in the face of global-oriented production systems leads to land rental systems rather than sharecropping arrangements. The possibility to exchange labour for land is therefore truncated and the poor have to work on a ‘by-day’ basis, which is a form of casual labour on call at any time. The suggestion that smallholders sometimes can also benefit from economies of scale in input or output markets by renting out their land and working on the larger farms (World Bank, 2007) is unrealistic in this regard, given the conditions of employment provided by the new farms

The over-concentration of resources on male-***produced*** crops is blamed for the deterioration of women’s performance in the ***agriculture*** sector (INSTRAW, 1985). Women became proletarianised in big land schemes with poorer working conditions. Also, they do not enjoy compensation for lands taken up by the state and corporations because they are not considered part of the ruling local elite and are also not family heads (Amankwah, 2009; Boamah, 2011; Wisborg, 2012). Fewer women are part of outgrower schemes due to inability to access lands or to procure the capital and labour needed, which is the result of decades of marginalisation in the circuits of capital accumulation and power. Building current initiatives on a flawed past has the tendency to deepen the marginalisation of vulnerable groups such as the poor, women and the youth (Tsikata and Yaro, 2014).

**Conclusions**

The commercialisation of ***agriculture*** in Ghana has evolved progressively from the colonial era, aided by policies of coercion, persuasion and incentives to its current globalised form. These have resulted in tremendous transformations in land and labour relations in the agrarian sector. Both colonial and postcolonial land policies have facilitated the modernisation of commercial ***agriculture*** for major export crops. The traditional arrangements for access to and control over land have altered from free inheritance and gifts to sharecropping systems and now to leasing, renting and sales. The communal notion of land is giving way to an individualistic one, as commercial ***agriculture*** mandates tenure security via individualisation and land titles.

Production pressure has led to increasing demand for land in a fiercely competitive atmosphere where the powerful displace the weak. An increasing trend in land concentration has been noticeable over the decades, culminating in foreign large-scale acquisitions that disenfranchise entire communities. The changing agrarian structures are characterised by a renegotiation of the rules of the game in resource access and political power within society. The coercion of farmers into cash crop production initially and subsequently through market mechanisms has been aided by land tenure policies that seek to allocate land to rich farmers (Firmin-Sellers, 1995; Kasanga and Kotey, 2001). The monetisation of ***agricultural*** relations of production is good news for the neoliberal conception of farmers as entrepreneurs running businesses that respond to global markets.

Commercialisation of ***agriculture*** is intensifying rural social stratification where farmers who earn more from their ***produce*** are able to accumulate wealth to embark on further acquisitions of land and engage in aggressive agrarian expansions. The situation for women has not changed significantly under SAP and post-SAP since a focus on cash crops and the use of custom to legitimise male control over land means peripheral roles for women (Agbosu et al., 2007; Duncan, 2004). Elderly men with traditional titles control land to the detriment of the women, youth and poor.

The expansion in the number of ***agricultural*** commodities and area cultivated necessarily increased the demand for more labour. Labour movements and favourable sharecropping systems effectively facilitated a new ***agricultural*** economy of booming cocoa and oil palm exports. Labour movements resulting from colonial coercion gradually changed to economy-induced labour movements as the commodity-***producing*** zones became richer with better amenities than the rest of the country. The initial sharecropping arrangements when land was abundant have gradually given way to wage labour in reflection of the increasing supply of migrant labour and also the displacement of local small farmers. Expansionist ***agriculture*** tends to create accumulation of wealth by landowners and hardworking labour in sharecropping arrangements (Hill, 1963; Huddleston and Matthew, 2007). There is an intricate relationship between land availability and labour relations in agrarian formations. Increasing land pressure creates a larger proletariat, while low pressure accommodates some poor farmers. Also, commercial ***agriculture*** led to the loss of control over family labour as Awanyo (2001) observed. The control of over a disciplined family labour, especially women’s labour, was crucial to the success of commercial ***agriculture*** in the colonial and postcolonial eras, but not in the neoliberal era.

The casualisation of labour is a predominant feature of commercial ***agriculture***. The expectations of a thriving employment industry as modern large-scale farms dominate the rural landscape has not come to fruition. The preference for casual labour leaves many without jobs seasonally, with its consequent impoverishment on the population without access to land for subsistence. The proletarianisation of women has only moved them from one form of exploitation by the family farm, to exploitation by corporate business without the social support systems of the former.

The forms of land concentration and labour relations created and enhanced wealth accumulation for the richer segments of society and global capital to the detriment of the emerging poor throughout Ghana’s agrarian history. This process has been intensifying over the decades and therefore ***producing*** more disadvantaged people as commercialisation accelerates (Amanor, 2005; Asuming-Brempong, 2003; Yaro, 2013a).

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HINA Digest

21 February 2018

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**Length:** 11436 words

**Body**

Zagreb, 21 February 2018 (Hina) - N1 TV says Ramljak resigning as emergency administrator in AgrokorZAGREB, Feb 21 (Hina) - Sources in Agrokor have officially confirmed for N1 TV that Ante Ramljak is leaving the position of the government's emergency administrator in the heavily indebted conglomerate, N1 said early on Wednesday, adding that Ramljak's decision to resign was irrevocable.He left it up to the government to inform the public about his resignation and the next steps in the management of the Agrokor crisis.On Tuesday evening, following media reports that the emergency administrator in the private food and retail group Agrokorhas offered resignation, Economy Minister Martina Dalic saideverything would be explained tomorrow.A few media outlets and web portals reported in theafternoon that, amidst the growing pressure and continuous media attacks against his work as the emergency administrator in Agrokor, Ramljak, who was appointed by Zagreb Commercial Court to that position on 10 April 2017, decided to tender his resignation to the government.Media also speculated that intensive discussions were held in the government building in the afternoon. Leaving the building shortly before 10 pm, Dalic told reporters outsidethat they would be informed of everything on Wednesday.Media speculate that Prime Minister Andrej Plenkovic is "intensively dedicated to the resolution of this situation in connection with Agrokor" and that three scenarios are on the agenda of the talks between Plenkovic's Croatian Democratic Union (HDZ) and its coalition partners.One scenario is that Minister Dalic will step down, another is that Ramljak will leave his position and a third scenario is that there will be no resignations and all concerned will keep their positions.Jandrokovic: Priority is to settle with Agrokor creditors, preserve systemZAGREB, Feb 20 (Hina) - Parliament Speaker Gordan Jandrokovic said on Tuesday the priority now was to finalise a settlement with the creditors of the Agrokor group and preserve the system and Croatia's food industry.He was responding to questions from the press in Varazdin about the indebted conglomerate and if Prime Minister Andrej Plenkovic had made a final decision about the emergency administrator in Agrokor, Ante Ramljak."You will hear everything in time," he said, adding that the priority in making all decisions would be finalising a settlement and preserving the system and the food industry.He reiterated that it was important that the Agrokor restructuring process be done very well and that there were no mistakes.Jandrokovic would not comment on today's meeting with Plenkovic.

Asked if Plenkovic had made a decision about Ramljak, he reiterated that the most important thing for Croatia's politics and economy as well as Agrokor's employees was to successfully finalise a settlement and preserve the bulk of Croatia's food industry."We are weighing and seeking the best possible solutions, taking into account Croatia's interests, the interests of Croatia's economy."Asked if Economy Minister Martina Dalic was replaceable and if her sacking would be a big blow to the government given that, aside from Agrokor, she was in charge of several other important economic reforms, Jandrokovic said the government was a team making decisions in line with procedure and that the prime minister would make all the important decisions on the government's work in the future.As for today's resignation by the state secretary for demography, Marin Strmota, he said it surprised everyone and that it was evidently a personal decision. Asked if demography minister Nada Murganic could stay after something like that, he said the measures she presented today showed that positive things were happening in her department, such as higher maternity and child's allowances, and that it was not true that nothing had been done.Jandrokovic was in Varazdin to attend an anniversary of the local branch of the ruling HDZ party. He is the party's secretary-general.Croatian families of war missing expect Serbian president to keep promisesZAGREB, Feb20(Hina) - Serbian President Aleksandar Vucic told representatives of Croatia'sassociationof familiesof detained and missing Croatian war veterans on Tuesday that his office would follow the search for the war missing on a weekly basis.No conditions or deadlines were set at his first meeting with the families of the missing in Belgrade. A delegation of the families asked Vucic to put into action thestatements he recently made in Zagreb that he would help in the search for those gone missing during the 1990s war.The delegation asked Vucic to exert influence onrelevant institutions in Serbia which had or could have information on the missing."Serbia's president told us that he had not one reason not to get personally involved in these matters and keep what has beenpromised, and that he was absolutely not interested in the protection of persons who, since 1991, werein the chain of command or perhaps have some influence even today," the president of the association, Ljiljana Alvir, told reporters.The families of the missing told Vucic that "Serbian institutions have not done their job for over 20 years" and that "at this moment, he, as Serbia's president, is the person who could raise this issue if he really wanted to," Alvir said."What do I personally think and what do the families think? Do I believe or not that he will do it? I'm waiting. The families are waiting too," she added.No deadlines orconditions were mentioned during today's talks, but it was said that "the issue of the missing will be discussed on a weekly basis," exchanging information "about steps forward, results and what has been done."In a few of days, the chairs of the two countries' commissions for the missing, Veljko Odalovic of Serbia and Stjepan Sucic of Croatia, will meet in Zagreb and talk "about concrete matters," it was said. The families of the missing expect the first results within a week."We expect the commissions to give us, as the families of the missing, useful information that the talks were operationaland useful, and not just to fulfil the commitment stemming from certain (inter-state) agreements that have not been honoured so far," Alvir said.There was mention of former Yugoslav army (JNA) archives, which the families of the missing contain the information they are looking for, she added.There was also mention of Vukovar hospital archives, but it was underlined that "the JNA archives are the most important, the most correct and the most secure."Vucic promises more intensified work in addressing issue of war missingZAGREB, Feb 20 (Hina) - Serbia's President Aleksandar Vucic on Tuesday said at a meeting with a delegation of families of Croatian soldiers listed as missing from the 1991-1995 Homeland War in Belgradethat his office would review this issue on a weekly basis.“Serbia's President told us that there isn't any reason why he personally could not be involved in that issue and that he is absolutely not interested in protecting anyone who in 1991 was in the chain of responsibility or perhaps today has some influence," the association's president Ljiljana Alvir told reporters after meeting with Vucic."Based on recent statements in Zagreb that he can help in resolving the issue of the war missing," we called on Serbia's president to urge the relevant Serbian institutions for information on the war missing.According to Alvir, Vucic announced that "as the commander of the armed forces he would exercise full influence in the Army (of Serbia) to hand over everything it can," from the archives that can contribute to the search for the missing.Earlier, Vucic met with representatives of the Croat minority in Serbia led by the president of the Democratic Alliance of Croats in Vojvodina, Tomislav Zigmanov and announced that the "better times areahead for the Croat national minority in Serbia.""Croats must not feel threatened in Serbia," Vucic said at that meeting.Today's meetings were organised a week after Vucic visited Croatia at the invitation of Croatia's President Kolinda Grabar-Kitarovic.Ahead of travelling to Belgrade, Croatia'sfederation of associations of families of missing soldiers and prisoners of war said they wouldseek information from Serbian archives that might shed light on the fate of their loved ones.Croatia is currently still searching for 1,945 war missing from the Homeland War.Kuscevic: Minorities in Croatia have great status, we can serve as exampleZAGREB, Feb 20 (Hina) - Public Administration MinisterLovro Kuscevicsaid on Tuesday that national minorities in Croatia have a great status and that Croatia can be an example to all countries in the region."I would be satisfied if the Croat minority in Serbia had those rights," Kuscevic said in a commenton a declaration by the Serb National Council (SNV) on the rights of Serbs in Croatia."National minorities are a special value for any country, including Croatia, and for that reason in fact, they have a special place in the Constitution, the constitutional law on ethnic minorityrightsand by-laws. It is for that reason that the government adopted the 2017-2020 operational ***programme*** for national minorities, which is being implemented and which guarantees all national minorities in Croatia the realisation of their rights," Kuscevic said.With regard to the SNV's demands, he said that the possibility of autonomy or some kind of local self-government was not provided for either bythe Erdut Peace Agreement or the Constitution. "I don't think that is even a matter for discussion at all," he said."In fact, representatives of national minorities, including the Serb minority, are represented very well at the local and regional government level. They have several dozen deputy municipal heads, deputy mayors and deputycounty prefects. They have a lot of municipal councilors and are represented in government bodies. Therefore, I think that there is no legal basis for any of this," he underscored.The minister also underscored that the voting rights of national minorities were not compromised. "They can vote in all local and regional government units where they live," he stressed."Whetherelectoral rollsneed to be designed differently or the actual voting process should be organised differently, can be discussed. However, what is important is that they all can declare their ethnicity and exercise their constitutionally guaranteed right to vote and have their representatives at the local, regional and national level," Kuscevic said.He underscored that he in particular supported the SNV's last request to urgently include all neighbouring countries in European integration processes."Here in particular I have in mind Serbia and Bosnia and Herzegovina. Once we all livetogether in the same state, with the same rules, in the European state, that will contribute to a better understanding and better mutual relations," Kuscevic said.The SNV recently released a declaration on the rights of Serbs in Croatia, which was adopted at its third grand assembly last week and which identifies 13 tasks in the fight for rights that are yet to be acquired and in the preservation of those that have been acquired.Serb repsworried about campaign against Serb institutionsZAGREB, Feb20(Hina) - The Serb National Council (SNV) and the Joint Council of Municipalities (ZVO) said on Tuesday they were seriously concerned about what they said was a negative public campaign launched against them, as key Serb minority institutions in Croatia, by representatives of some media and political parties.A joint statement by SNV president Milorad Pupovac and ZVO president Srdjan Jeremic says that,based on a superficial reading and misinterpretation of some parts of statements made attheSNV's recent 3rd assembly, the demand for resolving the status of the SNV and the ZVO was ascribed intentions that no one has ever expressed on their behalf.What hasbeenasked has already been asked a number of times over the past 20 years, something that Croatia has committed to as a member of the UN, something that its government and parliament adopted in the form ofdecisions, conclusions and ***programmes***, something that has not been honoured and applied for years, the joint statement says.Specifically, the SNV and the ZVO have askedfor the implementation of the government's decisions from 1998 and a parliamentary conclusionfrom 2010 concerning the ZVO, the statement says.They have also asked for the implementation of the incumbent government's ***programme*** regardingthe regulation of the status of the SNV and other ethnic minority councils in Croatia, namely Article 10.3which saysthat the government will open consultations with representatives of ethnic minorities with a view to enhancing the law on the register of councils and representatives of ethnic minorities on matters concerning their status, financing and work, and to passing a law on the election of thosecouncils and representatives, the statement says."Instead of getting acquainted with that, those writing or speaking have opted for a witch hunt which, unfortunately, when these Serb institutions are concerned, is happening according toan already well-established simple mechanism."Despite their merits for the establishment of peace, restoration of trust, peaceful reintegration of eastern Slavonia,completion of European Union accession negotiations and development of good neighbourly relations, notably with Serbia, attempts are being made to again make them a threat to Croatia, the statement says.Because of the consequences which those attempts could have on the work of the SNV and the ZVO, and thereby on the exercise of the Serb community'srights, we are concerned about the ease with with the voices of democratic policies and the government are joining this witch hunt, Pupovac and Jeremic say.The government said on Monday thatit promoted respect for and cooperation with ethnic minorities in order to protect their rights, but that the operational ***programmes*** for ethnic minorities which it adopted in cooperation with their elected representatives did not envisage changing the legal status of ethnic minorities' bodies.State secretary for demography resigns being dissatisfied with population policyZAGREB, Feb20(Hina) - The state secretary for demography at the Ministry of Demography, Family, Youth and Social Policy, Marin Strmota, on Tuesday tendered his resignation, dubbing the government's demographic policy as a show and flippant.Strmota resigned at a press conference in front of a surprised Minister Nada Murganic, who described the resignation as "a young man's impatience."He did so after Murganic presented the conclusions of the fourth meeting of the Council for the Demographic Revitalisation of Croatia. Strmota said he agreed with the reporters who notedthat the same measures were presented three months ago, after the Council's third meeting."I agree with you and this is one big show. After a year and four months in the government, as a demographer,a young man, I think this isn't serious enough," Strmota said, adding that he was resigning today "because the state is dying out.""This is the worst situationin Croatia since the state exists and talking about this so flippantly...I, as a young man, as a Croat,a father of two childrenwith an unemployed wife and unemployed parents, I don't believe that anything will be solved with this approach," Strmota said.Responding to questions from the press, Murganic said she did not know that he would resign. She said the negative indicators dated to the time before the incumbent government. "However, there is indeed public pressure, there is a wish todo more," she added.Before the resignation of Strmota who expressed his dissatisfaction with the current demographic policy, thenational statistical office (DZS) has released preliminary figures on demographic trends in Croatia in 2017, which show that there were 17,614 more deaths than births last year, a record negative population growth in the last seven years.Minister sure population policy can turn around negative demographic trendZAGREB, Feb20(Hina) - CroatianDemography, Family, Youth and Social Policy Minister Nada Murganic said on Tuesday that measures of the population policy pursued by the current government could lead to a turnaround in the negative demographic trends, and in this context she underscored the importance of economic growth and job creation,coupled with rising salaries.Murganic held a news conference to presentthe conclusions of the fourth meeting of the Council for the Demographic Revitalisation of Croatia.She spoke about amendments to legislation on child allowance which are to take effect on 1 July. One of the changes is to raise the means test for those entitled to child allowances from the current HRK 1,663 to HRK 2,328.In addition, capacities of nurseries and pre-school facilities will be increased and 67.5 million kuna will be set aside for that purpose.Vacancies will be soon advertised for nursery staff so as to enable two-shift workin such facilities, and 300 million kuna from EU funds will be available for the purpose of balancing private and professional life.Murganic is confident that those measures, coupled with economic growth and development, can result in higher birth rates.The news conference, however, was marked by thesudden resignation ofState Secretary Marin Strmota who agreed with reporters who claimed that the measures spelled out today were identicalto the measures this ministry presented three months ago after the third meeting of the above-mentioned Council.Strmota tendered his resignation, dubbing the government's demographic policy as folklore and flippant."This is the worst situation in Croatia since the state exists and talking about this so flippantly...I, as a young man, as a Croat, a father of two children with an unemployed wife and parents, I don't believe that anything will be solved with this approach," Strmota said in front of a surprised minster.Negative population growth in 2017 alarmingly high, at -17,614ZAGREB, Feb 20(Hina) - The national statistical office (DZS) has released preliminary figures on demographic trends in Croatia in 2017, which show that there were 17,614 more deaths than births last year, a record negative population growth in the last seven years.The 2017 statistics are worse than those for 2015, when the negative population growth was -16,050.Expressed in absolute numbers, in 2017 there were 36,647 births and 54,261 deaths.January 2017 had the worst indicators, with 3,232 births and 6,441 deaths.The "best" month was September, with 3,902 deaths and 3,097 births.The negative population growth has been on the rise over the past seven years. In 2011 it was -9,822 to reach -17,614 in 2017.The final statistics for 2017 will be published in July.No social justice or demographic revival without quality jobs -unionZAGREB, Feb20(Hina) - There can be no social justice or demographic revival without quality jobs and dignity for workers, the SSSH trade union federation said on Tuesday on the occasion of World Day of Social Justice, which is observed on February 20.The SSSH recalls that the theme of this year's World Day of Social Justice is dignified work and its role in global migrations, and notesthat statistics for Croatia show that the main reason why Croatians are emigrating is not unemployment but the search for a better job."It is sad that exactly now when theeconomy is recovering, the quality of jobs in Croatia is rapidly declining," the union federation said, noting that without quality jobs there could be no social justice or demographic recovery.The share of overtime in total hours of work in Croatia is8.4% as against the European average of only 2.3%, the SSSH says, pointing to a poor work-life balance of Croatian workers.Job security, a good work-life balance, safety in the workplace, respect for workers' rights, training and promotion possibilities and freedom of union organising are only some of the characteristics of quality jobs, which Croatia lacks, the SSSH said.Croatia not that bad with regard to sustainable development - surveyZAGREB, Feb 20 (Hina) - Croatia is not faring that poorly on a global scale with regard to achieving the objectives of sustainable development, however, it needs to advance in areas such as developing its infrastructure and economic growth as well as achieving the goal of sustainable production and consumption, it was heard at a conference - Socially Responsible Businessas a ***Strategic*** Framework for Doing Business - Successful Stories, in Zagreb on Tuesday.The director of the Croatian Business Council for Sustainable Development, Mirjana Matesic, said an international survey of the Sustainable Development Goals(SDG) indicates that Croatia is in the upper third with regard to meeting sustainable development objectives. Croatia, measured bythe SDG Index,ranks39 among 149 countries encompassed in the survey."Globally looking, we can be satisfied, however, the survey shows thatthere are shortfalls in the goals ofglobal partnership and gender equality. Weaknesses were identified with the objective of developing infrastructure and economic growth, that is, sustainable production and consumption and that relates to areas to which the economy can and has to make a significant contribution to," Matesic said.She recalled that in order to advance sustainable development and corporate social responsibility, the government establishedthe Sustainable Development Commission and an analysis is being prepared on how policies correspond to the implementation of sustainable development.She assessed that the model of actual growth is exceptionally poor on the global scale and in that regard, she mentioned climate change, the accelerated exploitation of renewable and non-renewable resources and unbalanced social development.Dijana Varlec from the Croatian Chamber of Commerce (HGK) spoke about corporate social responsibility in Croatia and explained that the SDG index survey has been conducted by the HGK and the Business Council for the past ten years.Companies participate voluntarily in the survey and assess responsibility as a primary criterion. Large, small and medium-sized businesses participate in the survey each year and their number is growing each year. In 2008, 32 companies participated whereas last year 112 joined the survey.The SDG index has been described as a good national tool to assess SDG practice as well as a good tool to prepare non-financial statements.One more Croatian hotel company raises wages of its employeesZAGREB, Feb20 (Hina) - Plava Laguna on Tuesday signed a few agreements and an annex to the collective agreement whereby salaries of employees of that Porec-based hotel companywould increase by 7% on average.The rise in salaries and other entitlements area result of negotiations held between the management and two trade unions that insisted on equalising the entitlements of Plava Laguna and the Istraturist company after the latter was acquired by Plava Laguna.In addition, Plava Laguna will also invest 50 million kuna inthe improvement of its workers' accommodation.Plava Laguna is the second largehotel company that has announced a rise in the wages and benefits of their staff this week.On Monday, the Valamar Riviera hotel company announced an increase in its wage budget by 11.5% in 2018, with a focus on a rise in salaries of basic occupations in the company. The increase wasagreedwith two trade unions in the company, the Porec-based company stated in a press release on Monday.Following an agreement with the social partners, the base wage rate will rise by 4%, whereas 7.5% of the total wage budget will be additionally invested in raising salaries for occupations such as chefs, cooks, waiting staff, room maids and cleaners, Valamar Riviera stated yesterday. The wage increase refers to the salaries of 4,000 employeesand the company is committed to ensuring that the lowest wages be between HRK 5,000 and 7,500 per month.Kuscevic doesn't think stats about influx of public servants are correctZAGREB, Feb 20 (Hina) - Public Administration Minister Lovro Kuscevic said on Tuesday that he did not believe that a high number of new public servants had been employed recently, doubting the accuracy of statisticsshowing up to 4,000 new entries on thepayroll of the public administration during the term of Prime Minister Andrej Plenkovic.Kuscevic said that systems monitoringemployment had not been coordinated and there were cases of duplication of figures."For instance, some of the public sector employees can work in few institutions such as faculties or medical institutions, and this can result in duplication."He added that the authorities were working on improving the systems so as to ensure transparent and reliable data.Kuscevic explained that during the term of this government, the highest number of hired staff was in the sector of absorption of EU funds, and as a result, during 2017,EU funds drawn inCroatia were 300 times higher than in 2016.Furthermore, many of new employees are given fixed-time employment contracts while EU-funded projects are being implemented, he added, and mentioned also the possibility that two employees are actually registered for one workplace while one of them is on maternity leave.Eurobarometer:Perception of corruption in Croatia among highest in EUZAGREB, Feb20(Hina) - As many as 94% of respondents in Croatia believe corruption is widespread in the country, 58% think it increased in the past three years, but80% claim they did not experience or witness a case of corruption overthe past year, according to Eurobarometer findings presented on Tuesday.Denmark fares best inthe perception ofcorruption, with 75% of respondents saying corruption is rare in their country,followed by Finland (74%), and Sweden (62%). On the other endare Greece, where 96% of respondents think corruption is widespread, Spain, Cyprus and Croatia (94% in each).A survey on the perception of corruption was conducted last October in the European Union's 28 member states, covering 28,080 respondents.In Croatia, 5% of respondents think corruption is rare and 1% said they did not know. In the EU, 68% think corruption is widespread and 25% that it is rare.Also, 58% of Croats think corruption increased in the last three years and 33% that it stayed the same. In the EU, 43% of respondents think corruption increased and 36% that it stayed the same.In Croatia, 59% of respondents think corruption affects them in daily life, while 38% disagree with that statement. In the EU, 25% think corruption affects them in daily life, while 68% claimed otherwise.In Croatia, 61% of respondents think political parties are the most corrupt (61% in the EU), followed by politicians at national, regional and local level (59% in Croatia and 53% in the EU), courts (58% in Croatia and 23% in the EU), the police and customs (55% in Croatia and 31% in the EU).Asked if they experienced or witnessed a case of corruption in the last 12 months, 80% of respondents in Croatia said no and 16% said yes (93% and 5% respectively in the EU). Asked if they reported a case of corruption, 95% of Croats said no (81% in the EU), while only 4% said yes (18% in the EU).Croats' trust in institutions about tackling corruption is weak. Asked whothey would trust the most to deal witha corruption case, 34% of respondents said the police (60% in the EU), followed by media, newspapers and journalists (29% in Croatia and 14% in the EU), and a specialised anti-corruption agency (27% in Croatia and 10% in the EU).In the last 12 months, 65% of Croats went to a doctor or stayed in hospital and 95% saidthey did not haveto give an additional payment, valuable gift or make a hospital donation (96% in the EU).Although 76% of respondents in Croatia think that favouritism and corruption hamperbusiness competition, 75% think corruption is part of the business culture and 81% that having political connections is the only way to succeed in business.FinMin says Croatia's banking system stable, sustainableZAGREB, Feb20(Hina) - Croatia's banking system is remarkably stable and liquid, and by amending the tax laws, the government has given banks an incentive to deal with bad loans more actively, Finance Minister Zdravko Maric said in Brussels on Tuesday.He was attending a meeting of the Economic and Financial Affairs Council, at which one of the topics wasthe establishment of a comprehensivesustainable financing strategy."One of the bigger risks for the banking sector in the EU is the situation with bad, non-performing loans. That has been a topic in recent months in Croatia too. At the level of the EU and the euro area, there are big differences regarding the ratio of non-performing loans in all loans. In some countries, it's below 2% and in others up to 30 or 40%," Maric said.According to Eurostat, the ratio in Croatia is 11.7%."Our intention isn't only to reduce the ratio of bad loans in banks' balances just to meet some euro area or anyone else's criteria, but because we think that's important and that's why we made those tax legislation amendments, to give a bigger incentive to banks to deal with bad loans more actively, so that they can focus more... on granting new loans," Maric said."Reducing the risk is important to us also because in some countries there is a big exposure to the domestic financial system, notably banks. Croatia's financial system is remarkably stable, liquid, good and sustainable," he said, adding that this was important because the government issued many bonds and treasury notes on the domestic financial market.Bank loans to businesses total HRK 65B at end 2017ZAGREB, Feb20(Hina) - Bank loans to businesses for current assets and investments amounted to HRK 64.9 billion at the end of December 2017, HRK 653 million less than in the previous month and HRK 798.5 million less than at the end of 2016, shows an analysis by Raiffeisenbank Austria.Foreign currency loans, which account for 65% of all loans granted to businesses, have beenrecordingpositive annual growth rates since July 2017, which is proof that the economy has been recovering slowly and investments have been growing, RBAanalysts say.Kuna loans to non-financial companies at the end of last year totalled HRK 22.3 billion, a drop of 2.7% compared to the previous month and of 7% compared to the end of 2016.According to the central bank, loans to non-financial companies at the end of 2017 were 2.6% up from the same period of 2016.In nominal terms, loans to businesses at the end of December 2017 were 2.8% down from December 2016, which was mostly due to the sale of nonperforming loans, the analysts said.Loans for investments grew both on the month and on the year, by 2.6% and 0.6% respectively, totalling HRK 31.6 billion at the end of December 2017.Loans for current assets dropped in December by 4.2% on the month and by 2.9% on the yearto HRK 33.3 billion.RBA analysts said they expected the continuation of positive economic trends and recovery of investments in 2018 to have a positive impact ondemand for loans to businesses.Slovenia: Outrage over NLB's decision to honour Croatiaverdicts on Yugoslav-era savingsZAGREB, Feb20(Hina) - Slovenia's Nova Ljubljanska Banka (NLB) has recently paid about EUR 1 million in line withverdicts in lawsuits which Croatia'sPrivredna Banka Zagreb (PBZ) andZagrebacka Banka (ZB) filed at Croatian courts over Yugoslav-era savings, which has caused outrage among some Slovenian politicians and could elicit a response from the government, Slovenian media said on Tuesday.Slovenian news agency STA said the government did not wish make anofficial comment, while the Finance Ministry recalled that, for Slovenia, the Yugoslav-era savings were a succession issue."Slovenia's biggest bank NLB has unofficially paid a total of EUR 813,000 to Croatian banks in two final rulings related to Yugoslav-era savings deposits in Ljubljanska Banka (LB), the defunct bank from which NLB originates," the STA news agency reported.The lawsuits which PBZ and ZB filed againstNLB, claiming refundsfor paying NLB'sdebts to former Croatian clients, were commented on by Slovenia's former central bank governor France Arhar. According to some information, PBZ and ZB claim EUR 172 million as well as an additional EUR 172 million ininterest accrued over the last 20 years.Arhar told STA there were no legal or contractual grounds for NLB to pay debts stemming from Yugoslav-era foreign currency savings, recalling that Slovenia established NLB under a constitutional law in 1994, transferring Yugoslav-era clients' claims to the defunct Ljubljanska Banka.Arhar said Croatia recognised that those savings were a succession issue by signing an agreement on succession to the former Yugoslavia in 2001 as one of the successor states. He recalled that before it joined the EU in 2013, the then Croatian and Slovenian prime ministers signed a memorandum under which the court proceedings against NLB in Croatia would be suspended until a final solution was found.Arhar said the NLB executives' decision to honour Croatian courts' verdictsand pay part of the debt was wrong.Some media said Foreign Minister Karl Erjavec was especially outraged and that he would raise this issue at a government meeting. Media say thatif the government decides so, Slovenia could notify the European Commission about the verdicts or sueCroatia at theCourt of Justice of the European Union.Aldott finds Sisak refinery to be burden on INA's performanceZAGREB, Feb 20 (Hina) - INA Management Board chair, Zoltan Aldott, on Tuesday said thatdespite one of the strongest results in its recent history the Sisak refinery continues to encumber theperformance of this leading Croatian oil andgas group.In 2017 the INA Group made HRK 18.5 billion in revenue, 20% more than in the previous year, and its net profit grew strongly as well, owing to an increase in oil prices on the global market and business optimisation, the company said in a business report.Despite the positive developments in the refining and marketing segment, including retail sales, the group's results are still burdened by the negative impact of the Sisak Oil Refinery's results. In 2017 the refinery had a negative financial effect on profit from the core business, amounting to HRK 207 million, and HRK 264 million in 2016, the company said.The management cannot be satisfied with losses made by the refinery in Sisak, and would do all they could to reduce them, Aldott said.A decision in January to shut down the FCC unit at the Sisak refinery is a step in that direction, Aldott said and added that that does not mean that the refinery will be shut down nor will it business be dramatically changed but rather that another units will in future run continually and that will lead to positive results.With reference to business decisions doing away with certain jobs, Aldott explained that it was important to provide new opportunities to those people as has been done in the past.He reiterated that EUR 400 million investments were being prepared intensively for the Rijeka refinery.Asked whether the current state of affairs in Ssisak was actually the consequence of the non-implementation of obligations which the ***strategic*** partner, MOL, assumed 15 years ago when it acquireda stake in INA promising investments in the refining capacities, Aldott said that it cocnerned the developments on the market and that 10-15 years ago nobody could foresee how the things would unfold.Asked whether INA had responded to the government with reference to participating in the recapitalisation of the Kutina-based Petrokemija fertiliser ***producer***, through transformingits claims into an interest in that factory, Aldott said that INA wasin a position to examine the feasibility of any business investment, however, it didnot pay attention to set time frameworks.Petrokemija fertiliser ***producer*** shows HRK 146.8M loss in 2017ZAGREB, Feb 20 (Hina) - The Kutina-based Petrokemija fertiliser ***producer*** ended 2017 with a loss of HRK 146.8 million, which is significantly more than in 2016 when it had a loss of HRK 87.3 million, the company's unconsolidated financial statement shows.The company underscored that half of itsloss relates to an increase in the price of natural gas and "an extremely high cost of gas transport in Croatia."The company's total revenue amountedto HRK 1.99 billion, up 3.3% from 2016, however, total expenditure increased as well, by 6.1% to HRK 2.1 billion.A breakdown of revenue indicates that domestic sales account for 30.6% or HRK 610.6 million, up 5.1% on the year while exports accounted for 66.3% or HRK 1.3 billion of the total revenue, up 4.6% year-on-year.The company also noted that 2017 was characterised by extensive preparations for the injection of fresh capital and efforts to maintain stability, continuity of production and of supplying buyers.During 2017, production increased by 11.5% on the year to 1.2 million tonnes, 316,900 tonnes of which was sold on the domestic market (+10.1%) while exports grew by 6.6% to 850,200 tonnes.Imports of mineral fertiliser to Croatia decreased by 33% and sales on more price-attractive markets in the region increased by 16.4%. The company also introduced 7,000 tonnes of a new product called Petroblue.The company's shareholders decided inmid-January on Petrokemija's recapitalisation in the expectation of raising HRK 450 million.Without fresh capital, the company will not hold out for another month, State Assets Minister Goran Maric said after a meeting atthe company last week.He claimed that theprocess of recapitalisation wasnot finished, nor had it failed or been terminated, and expressedconfidence that the process would succeed and that the recapitalisation model would be made known in the coming weeks.Norwegians to invest EUR 18.7Min Zakanje power and heating plantZAGREB, Feb 20 (Hina) - A Norwegian investor ***plans*** to invest 18.7 million euro in abiomass-fuelled power and heating plant in thebusiness zone in the municipality of Zakanje, about 60 kilometres southwest of Zagreb.A presentation of the ***planned*** investment was held on Tuesday in the Karlovac County offices and the presentation was prepared by Croatia REN AS, a Norwegian company founded in 2012 by the Green Energy Innovation Alliance.REN AS owns two Croatian project companies -- Maksim Trade Energija andBio Peleti Energija --which were developed in the Zakanje business zone.The investment includes the construction of two plants on an area of 23 thousand square metres, onefor the production of biomass pellets and another for the production of heating and electricity power and is supposed to employ 30 workers.Construction is set to start in the spring.The construction of aco-generation power and heating plant with a power of 1 MW, is ***planned*** and is expected to be up and running by the summer of 2019 and based on an agreement with the Croatian energy market operator HROTE, REN AS will supply electricityto the public power grid for a period of 14 years.Part of the heat ***produced*** will be distributed to public institutions in and around Zakanje.In addition to the capital being invested by the Norwegians, the project is being financed by the Privrenda Banka Zagreb and the Croatian Bank for Reconstruction and Development (HBOR).The Ministry of ***Agriculture*** has approved a subsidy of HRK 7.5 million for the Zakanje project.Thousands of people with disabilities still segregated, says Platforma 112ZAGREB, Feb20(Hina) - Croatia continues to be a country where thousands of people with disabilities are segregated and live in conditions that are beneath human dignity, while the national policy of deinstitutionalisation has been one step forward, two steps back despite EU funding that has been secured for that purpose, the federation of nongovernmental organisations Platforma 112 said on Tuesday, on the occasion of World Day of Social Justice."There are no efficient mechanisms of controlling the quality of services or management of accommodation services. At the same time, the Ministry of Demography, Family, Youth and Social Policy is working on a new law on foster care, under which, contrary to recommendations by the UN Committee on the Rights of Persons with Disabilities, an even larger number of adults with disabilities would be put in foster families. That shows disregard for warnings about omissions and suspicions about serious violations of thehuman rights of people receiving foster care," Platforma 112 said."Given thenumerous controversies surrounding the new Family Bill, what has gone unnoticed is the fact that the new bill reintroduces the practice of entirely stripping a person with disabilities of legal competence and significantly restricts the possibility of making living will declarations," Platforma 112 said, noting that exactly those segments of the previous Family Act had been commended by the UN Committee on the Rights of Persons with Disabilities.Despite progress over the past few years, notably with regard to expanding the role of personal assistants and progress in terms of transforming social care homes to providers of services supporting community living, the process of deinstitutionalisation has practically come to a halt, as evidenced by a stagnating number of beneficiaries of community services and a low rate of absorption of money from the European Social Fund for development of services supporting community living for persons with disabilities.Croatian, Albanian, Montenegrin ministers talk sea pollutionZAGREB, Feb 20 (Hina) - Croatian Environmental Protection and Energy Minister Tomislav Coric and his counterparts Blendi Klosi of Albania and Pavle Radulovic of Montenegro held talks in Dubrovnik on Tuesday about possible solutions to sea pollution from land-based sources, Coric's ministry said in a press release.All three countries are signatories to the Barcelona Convention and, bearing in mind the importance of a clean environment and sustainable tourism, underlined the importance of implementing the Convention and the regional sea waste management ***plan*** for the Mediterranean area in order to reduce waste in the Adriatic Sea, the ministry said.The ministers agreed on the need to strengthen cooperation in line with existing agreements and initiatives as well as to apply for European Union funds, as well as other sources such as the Global Environment Fund, for project financing.The ministry said Croatia was willing to technically assist Albania and Montenegro and share information via the European Commission's TAIEX ***programme*** to help them with sea waste management legislation.The ministers agreed to meet again in Zagreb in April and in Albania in June.UNHCR, IOM: No danger of migrant crisis repeatingZAGREB, Feb20(Hina) - Currently between 40,000 and 50,000 refugees from Afro-Asian countries are stayingin the territory between Greece and the border with Croatia, trying to reach Western Europe, however, there are no signs that the migrant crisis of 2015 and 2016 could happen againwith the same intensity that shook Europe, representatives of the UN High Commissioner for Refugees (UNHCR) and the International Organisation for Migrations (IOM) said in Sarajevo on Tuesday.Anne-Christine Erikson, UNHCR's representative for Southeast Europe, told reporters that the crisis was under control because the attitude of the Turkish government to refugees, notably those from Syria, hadchanged significantly, andthe international community, too, was demonstrating a clear readiness to help the countries whererefugees were currently staying.She recalled that in 2016, too, when the so-called Balkan route across Croatia and Sloveniawas closed, there wasconcernthat other routes for mass refugee movement would be opened, yet that did not happen.It is a fact that in the meantimesome alternative routes have been opened, for example, across Albania and Montenegro to Bosnia and Herzegovina, and they have been used by smallergroups of refugees.This has resulted in an increase in asylum requests in Bosnia and Herzegovina, but on the other hand, the situation in Serbia and Macedonia is stable, said Erikson.In 2017, police in Bosnia and Herzegovina caught 913 migrants while trying to enter the country illegally. This is an increase of 380% compared to 2016, when only 240 such cases were reported.Last year, 376 asylum seekers were registered, an increase of 475% from 2016. In the period from January to mid-February this year alone, 77 asylum requests were reported, whichindicates that the increase in the number of asylum requests will be even more significant by the end of the year.It is still too early to talk about a new Balkan route, Bosnian authorities are trying to respond to those challenges and UNHCR is assisting them, said Erikson.Despite the challenges, it is very important for the government to keep the borders open to asylum seekers as it proves readiness to respect and protect basic human rights, she said.Peter van der Auweraert, IOM's regional coordinator for the Western Balkans, said that Bosnia and Herzegovina had been faced with a larger influx of refugees in the past and that the current crisis should therefore not be dramatised despite the increase in the number of migrants entering the country.One simply needs to adapt to the situation, he said.He commended the local police for their treatment of migrants, stressing that it was considerably different from the police treatment of migrants in other countries, where police did not have much understanding for refugees.Auweraert warned about the problem of criminal groups, citing in that context Montenegro, where refugee smuggling goes hand in hand with drug trafficking, as well as about the fact that among refugees there was a large number of single men, who, unlike children or families, didnot enjoy much sympathy and wereoften viewed with prejudice as potential trouble makers.He noted that he was confident that numerous young men from Algeria or Morocco suffered and had problems and should be helped, adding that Bosnia and Herzegovina was not their final destination and that they wanted to continue their journey to Croatia and other EU countries.This is not a problem which only Bosnia and Herzegovina should be dealing with, it should be dealt with by all Western Balkan countries and the entire EU. We have to find a solution for the Western Balkans as a whole,Auweraert said.He believes that there will be no new mass arrivals of refugees to Bosnia and Herzegovina and Croatia's borders this spring and that the situation that happened in 2015 and 2016 will not happen again.Bosnia minister warns of growing number of migrantsZAGREB, Feb 20 (Hina) - Bosnia and Herzegovina's Minister of Security, Dragan Mektic, on Tuesday said that the number of illegal migrants to that country is rapidly growing and in January alone about 400 migrants entered the country which is half the total number recorded in the entire year, last year."In 2016, there were fewerthan 100 illegal migrants whereas last year there were about 800. What is concerning is that that number is rapidly increasing and in the first month and a half of this year, we have about 400 illegal migrants who entered Bosnia and Herzegovina," Mektic told the media.He said that authorities were trying to return illegal migrants back to the countries they hadcome from. The problem however, is that certain countries are not respecting readmission agreements and are rejecting to accept the migrants, Mektic claimed. He addedthat "efficient checks are not being conducted," on new migrant routes between Greece, Albania, Montenegro and Bosnia and Herzegovina."They are turning their heads at these borders, knowing that the migrants will continue on their way," Mektic said and added that human trafficking has been noticed.He considers that the country's problem lies in the fact that it lacks 400 to 500 border police and that additional funds are required to equip them. According to Mektic, Bosnia and Herzegovina has a "special responsibility," with regard to illegal migration as its borderwith the EU is 1,000 kilometres long.In other news:Croatian FM attends ministerialmeeting on Africa, the Caribbean and PacificZAGREB, Feb 20 (Hina) -Croatia's Foreign and European Affairs Minister Marija Pejcinovic Buric on Tuesday attended an informal meeting of EU foreign ministers in the format of FAC/Development, the ministry reported in a press release.The meeting discussed the framework for EU relations with African, Caribbean and Pacific (ACP) countries after the Cotonou agreement expires in 2020.That agreement is the last in a series of partner frameworks for long term political, development and economic partnershipbetween the EU and 79 ACP countries in development.The current debate in the EU is directed to upgrading that partnership in line with new global development trends, challenges and obligations.Minister announces specific operational ***programme*** for east CroatiaZAGREB, Feb 20 (Hina) - Regional Development and EU Funds Minsiter, Grabrijela Zalac, on Tuesday said that a specificregional operational ***programme*** for eastern Croatia would be developed with the help of the World Bank, as part of the "Slavonia, Baranja and Western Srijem," project.The ministry and World Bank organised a debate on regional strategy and priorities for the 2018-2021 period for the Slavonia, Baranja and Srijem project and together withlocal government officials presented the opportunities for economic and ***agricultural*** revival and development of eastern Croatia in an effort to achieve balancedand sustainable development of all Croatian regions.Zalac said that last year talks were launched with the World Bank on that cooperation and that the focus would be ondeveloping a special regional operational ***programme*** that would include eastern Croatia counties. Funds are to be granted based on the priorities of local and regional government units.Projects valued at HRK 4.4 billion have been contracted within the framework of the Slavonia project, which is 24% of the targeted amount.In a press release after the workshop, the Ministry recalled that the Slavonia, Baranja and Srijem project was launched in an effort to secure 2.5 billion euro (HRK 18.75 billion) in EU funds earmarked exclusively for five counties in Slavonia. The funds would be used for investments in entrepreneurship, ***agriculture***, education, health, research and development, water management, culture and natural heritage, transport, internal waterways and energy that would come from existing operational ***programmes*** and the Rural Development ***Programme*** as part of the 2014-2020 financial perspective.Croatian institutions promoting Glagolitic scriptZAGREB, Feb20(Hina) -The Institute of Croatian Language and Linguistics is launching acampaign called "Croatian Glagolitic Script Day" withthe aim of popularising this Croatian alphabet and script.The campaign is being organised on the occasion of the 535th anniversary of the publishing ofMissale Romanum Glagolitice (Croatian: Misal po zakonu rimskoga dvora), a Croatian missal,written in the Glagolitic script,and incunabulum printed in 1483.It is the first printed Croatian book and also the first missal in Europe not published in the Latin script.The institute's head, Zeljko Jozic, told Hina on Tuesday that the purpose of the campaign is to bring this script, which is one of the most recognisable traits ofliteracy among Croatians, closer to the public, particularly to youngergenerations and school-age children.Likewise, the Croatian National and University Library is launching the web portal "glagoljica.hr" on 22 February.Jozic admitsthat nowadays it isseldom that somebody who is not a linguistic expert canread texts written in the Glagolitic script, although this script was practically in use until the last century.Missale Romanum Glagolitice was published only 28 years after the Gutenberg bible's 42-lines and this testifies abouthigh cultural attainment and maturity ofmedieval Croatian society's literature.HRT reopens Sarajevo bureauZAGREB, Feb20(Hina) - Croatia's public broadcaster HRT on Tuesday reopened its bureau in Sarajevo, with HRT director general Kazimir Bacic saying he hoped this would contribute to better informing the public in Croatia about the situation in Bosnia and Herzegovina and to a better recognition of the Croat people in Bosnia.Earlier this month, HRT reopened itsbureau in Mostar. Both had been closed two years ago.The President of Bosnia's Federation entity, Marinko Cavara, voiced hope that the two bureaus would create conditions for comprehensive reporting on events in Bosnia, notably on the position of Bosnian Croats.Sisak bishop Vlado Kosic named Anti-Communicator of the YearZAGREB, Feb20(Hina) - The Croatian Public Relations Association (HUOJ) has named Sisak Bishop Vlado Kosic Anti-Communicator of the Year for 2017, saying that Kosic spread intolerance and used hate speech against specific political and social groups in the country.The other candidates for this title were Economy Minister Martina Dalic, Health Minister Milan Kujundzic, Social Policy and Family Minister Nada Murganic, members of parliament Davor Bernardic (Social Democratic Party) and Zeljko Glasnovic (independent), Chief State prosecutor Dinko Cvitan, Zagreb University Rector Damir Boras, Croatian People's Party leader Ivan Vrdoljak and Croatian Football Federation head Davor Suker."Apart from speaking negatively abouthomosexuals, migrants, abortion and medically assisted reproduction, (Kosic) also criticised young people for emigrating... He is also known for publicly criticising Croatian media, notably those media whose views he does not share, and accusing them of serving the Devil. He also spoke about the need to lustrate public services," the HUOJ said in its decision to name Kosic Anti-Communicator of the Year.In a week's time, on February 27, the HUOJ will announce its choice for Communicator of the Year. The candidates are Science and Education Minister Blazenka Divjak, European Parliament member Biljana Borzan of the Social Democratic Party, Colonel Davor Turkovic, retired Jadrolinija shipping company employee Ante Mrvica, and authors of the Facebook profile "Di su pare" (Where's the money).Norwegian trumpeter Tine Thing Helseth to perform in ZagrebZAGREB, Feb20(Hina) - One of the world's few women trumpeters, Norwegian, Tine Thing Helseth, will give a concert at Zagreb's "Vatroslav Lisinski" concert hall on Friday, February 23.Helseth will play with the Zagreb Philharmonic Orchestra under the baton of Italian conductor Pier Carlo Orizio.She will performthe Trumpet Concerto in E-flat major by Johann Hummel and a selection of scores featuring the trumpet by Edvard Grieg.Croatia had 236 early local elections in past 24 yrsZAGREB, Feb20(Hina) - Over the past 24 years, Croatia had 236 early local elections, of which 156in municipalities, 72 in towns, and eight in counties, according to the gradonacelnik.hr website.Since 1993, Croatia has had 9.8 early local elections or by-elections on average annually, which is a very small number given that it has 576 local government units, researchers say.The highest number was held in the town of Vis, four,followed by three each in the towns ofVrgorac, Velika Gorica andOrahovica, and two each in the towns of Korcula, Vukovar, Glina, Vrbovec, Zagreb, Makarska, Osijek, Sveti Ivan Zelina, Omis, Nova Gradiska, Nin, Rab andDubrovnik.The highest number of early local elections or by-elections for town councils was held in 2000, as many as 13. Also, since the introduction ofdirect mayoral elections, the highest number has beenheld in Vrgorac (3), Korcula and Vukovar, two in each town.ZSE main indices upZAGREB, Feb20(Hina) - The main Zagreb Stock Exchange indices increased on Tuesday, the Crobex by 0.07% to 1,855.43 points and the Crobex10 by 0.06% to 1,074.14 points.Regular turnover was HRK 5.9 million, 2.6 million higher than on Monday.No stock crossed the million kuna mark. The most traded stock was the HT telecom, turning over HRK 730,970. It closed at HRK 167,50 per share, up 0.90%.(EUR 1 = HRK 7.4)THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS WEDNESDAY (Hina) ms Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, Feb 21 (Hina) - Sources in Agrokor have officially confirmed for N1 TV that Ante Ramljak is leaving the position of the government's emergency administrator in the heavily indebted conglomerate, N1 said early on Wednesday, adding that Ramljak's decision to resign was irrevocable.

He left it up to the government to inform the public about his resignation and the next steps in the management of the Agrokor crisis.

On Tuesday evening, following media reports that the emergency administrator in the private food and retail group Agrokorhas offered resignation, Economy Minister Martina Dalic saideverything would be explained tomorrow.

A few media outlets and web portals reported in theafternoon that, amidst the growing pressure and continuous media attacks against his work as the emergency administrator in Agrokor, Ramljak, who was appointed by Zagreb Commercial Court to that position on 10 April 2017, decided to tender his resignation to the government.

Media also speculated that intensive discussions were held in the government building in the afternoon. Leaving the building shortly before 10 pm, Dalic told reporters outsidethat they would be informed of everything on Wednesday.

Media speculate that Prime Minister Andrej Plenkovic is "intensively dedicated to the resolution of this situation in connection with Agrokor" and that three scenarios are on the agenda of the talks between Plenkovic's Croatian Democratic Union (HDZ) and its coalition partners.

One scenario is that Minister Dalic will step down, another is that Ramljak will leave his position and a third scenario is that there will be no resignations and all concerned will keep their positions.

ZAGREB, Feb 20 (Hina) - Parliament Speaker Gordan Jandrokovic said on Tuesday the priority now was to finalise a settlement with the creditors of the Agrokor group and preserve the system and Croatia's food industry.

He was responding to questions from the press in Varazdin about the indebted conglomerate and if Prime Minister Andrej Plenkovic had made a final decision about the emergency administrator in Agrokor, Ante Ramljak.

"You will hear everything in time," he said, adding that the priority in making all decisions would be finalising a settlement and preserving the system and the food industry.

He reiterated that it was important that the Agrokor restructuring process be done very well and that there were no mistakes.

Jandrokovic would not comment on today's meeting with Plenkovic. Asked if Plenkovic had made a decision about Ramljak, he reiterated that the most important thing for Croatia's politics and economy as well as Agrokor's employees was to successfully finalise a settlement and preserve the bulk of Croatia's food industry.

"We are weighing and seeking the best possible solutions, taking into account Croatia's interests, the interests of Croatia's economy."

Asked if Economy Minister Martina Dalic was replaceable and if her sacking would be a big blow to the government given that, aside from Agrokor, she was in charge of several other important economic reforms, Jandrokovic said the government was a team making decisions in line with procedure and that the prime minister would make all the important decisions on the government's work in the future.

As for today's resignation by the state secretary for demography, Marin Strmota, he said it surprised everyone and that it was evidently a personal decision. Asked if demography minister Nada Murganic could stay after something like that, he said the measures she presented today showed that positive things were happening in her department, such as higher maternity and child's allowances, and that it was not true that nothing had been done.

Jandrokovic was in Varazdin to attend an anniversary of the local branch of the ruling HDZ party. He is the party's secretary-general.

ZAGREB, Feb 20 (Hina) - Serbia's President Aleksandar Vucic on Tuesday said at a meeting with a delegation of families of Croatian soldiers listed as missing from the 1991-1995 Homeland War in Belgradethat his office would review this issue on a weekly basis.

ZAGREB, Feb 20 (Hina) - Public Administration MinisterLovro Kuscevicsaid on Tuesday that national minorities in Croatia have a great status and that Croatia can be an example to all countries in the region.

ZAGREB, Feb20(Hina) - The Serb National Council (SNV) and the Joint Council of Municipalities (ZVO) said on Tuesday they were seriously concerned about what they said was a negative public campaign launched against them, as key Serb minority institutions in Croatia, by representatives of some media and political parties.

ZAGREB, Feb20(Hina) - The state secretary for demography at the Ministry of Demography, Family, Youth and Social Policy, Marin Strmota, on Tuesday tendered his resignation, dubbing the government's demographic policy as a show and flippant.

ZAGREB, Feb20(Hina) - CroatianDemography, Family, Youth and Social Policy Minister Nada Murganic said on Tuesday that measures of the population policy pursued by the current government could lead to a turnaround in the negative demographic trends, and in this context she underscored the importance of economic growth and job creation,coupled with rising salaries.

ZAGREB, Feb 20(Hina) - The national statistical office (DZS) has released preliminary figures on demographic trends in Croatia in 2017, which show that there were 17,614 more deaths than births last year, a record negative population growth in the last seven years.

ZAGREB, Feb20(Hina) - There can be no social justice or demographic revival without quality jobs and dignity for workers, the SSSH trade union federation said on Tuesday on the occasion of World Day of Social Justice, which is observed on February 20.

ZAGREB, Feb 20 (Hina) - Croatia is not faring that poorly on a global scale with regard to achieving the objectives of sustainable development, however, it needs to advance in areas such as developing its infrastructure and economic growth as well as achieving the goal of sustainable production and consumption, it was heard at a conference - Socially Responsible Businessas a ***Strategic*** Framework for Doing Business - Successful Stories, in Zagreb on Tuesday.

ZAGREB, Feb20(Hina) - Croatia's banking system is remarkably stable and liquid, and by amending the tax laws, the government has given banks an incentive to deal with bad loans more actively, Finance Minister Zdravko Maric said in Brussels on Tuesday.

ZAGREB, Feb20(Hina) - Bank loans to businesses for current assets and investments amounted to HRK 64.9 billion at the end of December 2017, HRK 653 million less than in the previous month and HRK 798.5 million less than at the end of 2016, shows an analysis by Raiffeisenbank Austria.

ZAGREB, Feb20(Hina) - Slovenia's Nova Ljubljanska Banka (NLB) has recently paid about EUR 1 million in line withverdicts in lawsuits which Croatia'sPrivredna Banka Zagreb (PBZ) andZagrebacka Banka (ZB) filed at Croatian courts over Yugoslav-era savings, which has caused outrage among some Slovenian politicians and could elicit a response from the government, Slovenian media said on Tuesday.

ZAGREB, Feb 20 (Hina) - INA Management Board chair, Zoltan Aldott, on Tuesday said thatdespite one of the strongest results in its recent history the Sisak refinery continues to encumber theperformance of this leading Croatian oil andgas group.

ZAGREB, Feb 20 (Hina) - The Kutina-based Petrokemija fertiliser ***producer*** ended 2017 with a loss of HRK 146.8 million, which is significantly more than in 2016 when it had a loss of HRK 87.3 million, the company's unconsolidated financial statement shows.

ZAGREB, Feb 20 (Hina) - A Norwegian investor ***plans*** to invest 18.7 million euro in abiomass-fuelled power and heating plant in thebusiness zone in the municipality of Zakanje, about 60 kilometres southwest of Zagreb.

ZAGREB, Feb20(Hina) - Croatia continues to be a country where thousands of people with disabilities are segregated and live in conditions that are beneath human dignity, while the national policy of deinstitutionalisation has been one step forward, two steps back despite EU funding that has been secured for that purpose, the federation of nongovernmental organisations Platforma 112 said on Tuesday, on the occasion of World Day of Social Justice.

ZAGREB, Feb 20 (Hina) - Croatian Environmental Protection and Energy Minister Tomislav Coric and his counterparts Blendi Klosi of Albania and Pavle Radulovic of Montenegro held talks in Dubrovnik on Tuesday about possible solutions to sea pollution from land-based sources, Coric's ministry said in a press release.

All three countries are signatories to the Barcelona Convention and, bearing in mind the importance of a clean environment and sustainable tourism, underlined the importance of implementing the Convention and the regional sea waste management ***plan*** for the Mediterranean area in order to reduce waste in the Adriatic Sea, the ministry said.

The ministers agreed on the need to strengthen cooperation in line with existing agreements and initiatives as well as to apply for European Union funds, as well as other sources such as the Global Environment Fund, for project financing.

The ministry said Croatia was willing to technically assist Albania and Montenegro and share information via the European Commission's TAIEX ***programme*** to help them with sea waste management legislation.

The ministers agreed to meet again in Zagreb in April and in Albania in June.

ZAGREB, Feb20(Hina) - Currently between 40,000 and 50,000 refugees from Afro-Asian countries are stayingin the territory between Greece and the border with Croatia, trying to reach Western Europe, however, there are no signs that the migrant crisis of 2015 and 2016 could happen againwith the same intensity that shook Europe, representatives of the UN High Commissioner for Refugees (UNHCR) and the International Organisation for Migrations (IOM) said in Sarajevo on Tuesday.

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ZAGREB, Feb20(Hina) - The main Zagreb Stock Exchange indices increased on Tuesday, the Crobex by 0.07% to 1,855.43 points and the Crobex10 by 0.06% to 1,074.14 points.

THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS WEDNESDAY

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[***Sino Agro Food, Inc. Reports Q3 2017 Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PYJ-69C1-F0NJ-D23H-00000-00&context=1516831)

Cision Nordic Companies Press Releases (Scandinavia)

November 14, 2017 Tuesday 10:00 PM GMT

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**Length:** 2877 words

**Highlight:** Revenue of USD 48.4M; EPS of USD .15

**Body**

November 14, 2017

GUANGZHOU, China-- Sino Agro Food, Inc. (OTCQX: SIAF | OSE: SIAF-ME), also referred to as "SIAF" or the "Company," an ***agricultural*** technology company focused on protein food including seafood and cattle, announces results for the quarter ending September 30, 2017.

Revenue

Results reflect the carve-out of aquaculture operations announced March 2, 2017. Income from Sino Agro's interest in the carved-out company, Tri-Way Industries Ltd. is reported as "income on investment."  Revenue from the sale of goods from the former aquaculture business segment is no longer reported.

Excluding discontinued aquaculture revenue from Q3 2016, revenue from the sale of goods decreased USD 42.8M, or 48.5%, to USD 45.4M for the quarter ended September 30, 2017 year over year ("YoY"). Contrasted to Q2 2017, revenue from the sale of goods decreased USD 2.5M or 5%.

Compared to Q2 2017, total revenue increased USD 0.7M or 1.5% to USD 48.4M, including project development revenue of USD 3.0M versus no revenue in the prior quarter.

   Overview

The underlying conditions impacting performance in the second quarter continued in the third quarter, namely:

·    Sale of goods in the aquaculture sector is discontinued, having been replaced by a single income line item below the net income from continuing operations.

·    Tri-way has restricted capital expenditure for purposes of expanding production capacity and sales until it has successfully sourced third party funding.

·    Depressed pricing for the local cattle and beef industry brought on by relaxed import restrictions first from Australia and then the U.S. and Brazil has had a deleterious effect not only on SIAF subsidiaries' live cattle sales and gross margins, but also on upstream and downstream revenue sources: livestock feed, fertilizer, and deboning of imported beef.

As a result, gross profits declined on a year over year basis from USD 30.2M to USD 6.5M. The Company has adapted to these segment specific conditions by restricting its capital expenditures, reducing general and administrative expenses, and tailoring product mix to products with reasonable, albeit lowered, gross margins.

Other Key Points

· Q3 2017 income from investment was USD 1.4M. This figure is based on its current 23.89% equity interest in Tri-way, prior to the effective one-year anniversary date (October 5, 2017) when SIAF is permitted to exercise its option to convert Tri-way's USD 41M in outstanding debt into equity interest of 12.71%; equivalent to 12.7M common shares of Tri-way, currently registered in HK and available for transfer upon SIAF's instruction to exercise its option.

· As of September 30 2017, the Company had net working capital of USD 315.4M, a quarterly increase of USD 1.5M.

· Stockholders' equity increased in the quarter by USD 6.4M to USD 636.3M.

   Sequential Comparison

The Company achieved the following results, comparing the third quarter of 2017 to the second quarter of 2017:

+-----------------------------------------+------+------+-----+

|(USD M, except per share and margin data)|Q3 '17|Q2 '17|% |

+-----------------------------------------+------+------+-----+

|Revenue |48.4 |47.7 |1% |

+-----------------------------------------+------+------+-----+

|Gross Profit |6.5 |6.5 |0% |

+-----------------------------------------+------+------+-----+

|Gross Profit Margin |13.5% |13.6% |(-1%)|

+-----------------------------------------+------+------+-----+

|Earnings Per Diluted Share (FD) (USD) - |.15 |.03 |400% |

|from continuing and discontinued | | | |

|operations | | | |

+-----------------------------------------+------+------+-----+

The following table breaks out revenue by business segment, comparing the third quarter of 2017 to the second quarter of 2017:

Revenue (USD M) Q3 '17 Q2 '17 %

Integrated Cattle Farm (SJAP) 19.4 20.5 (-5%)

Organic Fertilizer (HSA) 1.7 1.0 70%

Cattle Farms (MEIJI) 7.3 7.4 (-1%)

Plantation (JHST) 1.5 .8 87%

Seafood & Meat Trading 15.6 18.1 (-16%)

Sale of Goods Total 45.4 47.7 (-5%)

Project Development Total 3.0 0.0 n/a

Group total 48.4 47.7 1.5%

Integrated Cattle (SJAP)

Gross profit for the Integrated Cattle segment totaled USD 2.0M, a 54% decline from Q3 2016, and a 14% decline from Q2 2017. Fertilizer, and bulk and concentrated livestock feed contributed USD 1.9M or almost 95% of gross profit.

The cattle market has endured depressed pricing for well over 12 months. The Company had already dramatically reduced the sale of live domestic cattle due to unprofitable conditions. Continuing increased competition in the third quarter had a materially negative impact on gross margins, filtering through to deboning and packaging, as competitive pricing for the final products became increasingly challenged. During the quarter, gross margin for the deboning of imported beef deteriorated to the unsustainable level of 2.8%. In addition, the Central Government has instituted new environmental regulations that would require significant additional capital expenditure at SJAP. For these reasons, SJAP management has suspended QZH's abattoir operations until an effective solution can be found, likely deriving from either a marked turnaround in market forces or government policies to stimulate domestic beef production and local value-added processing.

The local government realizes the serious situation the cattle industry faces in the region, and is looking at various options to assist, while waiting and working with the Central Government to ***produce*** a concrete revitalized ***plan*** to rebuild the industry.

As reported last quarter, SJAP's ***plan*** in the interim is to:

·    Restrict capital spending and to reserve its cash as much as possible to buy enough time while working through the interim ***planning*** process until the Central and Local Government's revitalization ***plan*** is adopted and implemented.

·    Continue limiting operations of the adversely affected aspects of its business.

·    Continue discussions with other operators in wholesaling, logistics, value-added processing, general trading, etc. to negotiate an overall ***plan***/solution in line with the government's ***strategic*** ***plan***.

As previously noted, decisions are to be governed by stricter discipline on return on capital employed ("ROCE") in support of SJAP's advised carve-out and spinoff ***plans***.

SJAP is fortunate to enjoy excellent working relationships with various government agencies. These private company/state agency relationships are perhaps more important in China than in western countries. For instance, SJAP has successfully created a local cooperative farmer network that has mutually benefited both parties for many years. Indeed, it is still viable; despite the influx of highly competitive imported beef due to relaxed import restrictions.

Government agencies recognize the mutual benefit of public/private cooperation. Support for the beef industry awaits a full assessment of forces to determine market equilibrium, before likely indicating a proper and effective stimulation to be supplied to local markets in the interest of all parties.

The Company continues to work through these challenges yet cannot provide a timeframe on when or if these endeavors will provide a successful return or outcome.

Organic Fertilizer (HSA)

Production and sales of organic fertilizer increased 69% to 6,082 MT; however, unit prices dropped from USD 245/MT to USD 153/MT YoY. Sales of organic mixed fertilizer declined 82% to 1,796 MT, due in part to the production plant being retrofitted during the quarter. Unit prices declined 5% to USD 412/MT. These factors led to an 80% YoY decline in gross profit to USD 440K. Nonetheless, while abiding the policy not to incur additional capital expenditures until self-generated cash flows allow, gross profit of USD 440K represented a sequential increase of greater than 100% over Q2.

With the organic mixed production plant available for full utilization, the Company expects a return to productive operation levels.

Cattle Farms (MEIJI)

Improved cost efficiency led to a 78% increase in YoY gross profit to nearly USD 1M. Improved performance continued from the previous quarter's similar gross profit due to the competitiveness and market acceptance of locally bred "Yellow Cattle."

Plantation  (JHST)

Revenue and gross profit suffered from a poor quality of flowers due to root diseases caused by years of excessive rain. While gross profit of USD 238K declined YoY by 94%, it was almost a 100% improvement over Q2, indicating the start of remediation results.

JHST is experimenting with a variety of crops that may prove less susceptible to the vagaries of weather in Guangdong province, as well as new processes designed to mitigate the same issues. During the quarter an experimental crop of Passion Fruit had a good reception with reasonable and stable prices. The Company ***plans*** to improve the yield per acre while targeting 100 acres for commercial production in the spring of 2018. In addition, Immortal Fruit has attracted the interest of a health plant and operator. The Company ***plans*** to repackage this product, aiming to launch sales ***programs*** to meet next season's commercial harvests beginning in the spring of 2018.

The Company anticipates that these changes will accelerate the sales results toward 2016 results, with less dependence on fair weather.

Seafood and Meat Trading  (Corporate)

Gross profit declined 35% YoY (14% QoQ) to USD 1.7M, on a 33% decrease in revenue, stemming from the Company's decision to trade selective products with reliable profit margins.

The Company is increasing import sales on quality Wagyu beef from Australia with support from reliable ***producers*** and suppliers that have granted the Company exclusive distribution rights. Imported Wagyu beef carries a higher profit margin, and has seen increasing market acceptance in China.

Engineering Technology, Consulting and Services (Project Development)

Revenue and profit from this segment is not expected to return to precedent levels until cash flow helping to finance capital expenditures are available to carry out Tri-way's fishery development and Vigor's wholesale development. Meanwhile, during Q3 Tri-way funded necessary development work from cash flow resources totaling USD 3.0M after having curtailed any development during Q2.

In the interim, Capital Award ("CA") has continued to explore opportunities in Asia (e.g., India, Vietnam, Indonesia, Malaysia and other countries), having been introduced to interested parties during the quarter. CA aims to expand its segment operations in technology transfer, related consulting services, and plant and equipment development outside of China, while simultaneously developing mutually beneficial partnerships with other aquaculture technology companies, as demonstrated by the recent MOU signed with Utah, USA based CibusDx.

   CEO Commentary

Mr. Solomon Lee, CEO of Sino Agro Food, commented, "Our year over year results continued to reflect the impact of increased competition from imported beef on the local beef raising industry, as well as the marked decrease in aquaculture sales that are no longer conducted by the Company, but rather by its investee, Tri-way Industries. However, we are pleased to see a leveling off in the revenue decline, with total sales of USD 48.4 million in Q3 2017, (versus USD 47.7 million in Q2 2017) and gross profit of USD 6.5 million in Q3 2017, consistent with Q2 2017.

"Even though an immediate solution for SJAP is not expected, we are hopeful that one materializes in the near future since SJAP's business is directly associated with the livelihood of thousands of farmers. It is a major concern and responsibility of the Government to secure an ultimate and practical solution for the farmers, with SJAP available to assist when it can do so profitably.

"Under current circumstances, we believe our most significant growth opportunities will come from:

·    Tri-Way, which is focused on ramping up its seafood production for domestic sales, and on utilizing its marketing network and global connections to increase sales on imported frozen seafood into China. As such, we are confident that the pace of revenue growth will rapidly accelerate once Tri-way secures adequate debt financing. The process to secure this funding has made significant progress, the details of which will be made public once the funding is secured and its closing in place.

·    Import sales of high grade quality meats (i.e., Wagyu beef with higher overall margins) will continue to improve, achieving better performance as we secure additional high quality products from new reputable suppliers and from loyal, consistent customers.

"Adjusting to the current spectrum of external ***agricultural*** market conditions, we are pleased to have achieved USD 0.15 earnings per share during the third quarter, a meaningful improvement compared with USD 0.03 in Q2 2017. This result is a testimony to our agility to execute even under unfavorable conditions, establishing a positive baseline for improved results, when external conditions return to more 'normal' levels.

"We continue to believe that there is a major opportunity to capitalize on the growth of China's economy as the disposable income of China's middle class continues to rise, leading to increased demand for premium seafood. We will continue to tailor our strategy to leverage this growth, mindful of the shorter term macro trends affecting ***agriculture*** in China, while Tri-way continues its efforts to secure financing to accelerate production expansion.

"During the quarter we also continued several initiatives aimed at improving financial discipline across the business to support a sustainable and cost-efficient business model, such as concentrating on increasing free cash flow at Tri-way by optimizing operations at each aquafarm in terms of product mix and APRAS performance, and retrofitting HSA's second production plant's fertilizer processor to allow for better cost savings in raw material.

"I would like to again thank our loyal shareholders as we implement these steps and work through this transition period toward building long-term value at the Company, while at the same time, continuing with positive momentum on our carve-out and spinoff strategies."

Q3 2017 Interim Report

For detailed segment operational performance and developments, please take the time to read our latest 10-Q filing, or refer to the Q3 2017 Interim Report ([*http://sinoagrofood.investorroom.com/download/Sino-Agro-Food\_Q2-2016-Interim-Report.pdf*](http://sinoagrofood.investorroom.com/download/Sino-Agro-Food_Q2-2016-Interim-Report.pdf)) posted to the Company website at   [*http://sinoagrofood.investorroom.com/download/Sino-Agro-Food\_Q3-2017-Interim-Report.pdf*](http://sinoagrofood.investorroom.com/download/Sino-Agro-Food_Q3-2017-Interim-Report.pdf).

Earnings Call Information

The Company will host an earnings call on Friday, December 8, 2017 at 10:00 AM EDT/4:00 PM CET to discuss quarterly financial results.

Please submit questions by email to [*info@sinoagrofood.com*](mailto:info@sinoagrofood.com) These will be organized and answered on the call.

To listen to the conference call please use the following information:

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|SIAF Q3 2017 Results |

|Call Information |

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|Date: December 8, |Time: 10:00 AM, EDT/16:00 PM CET|

|2017 | |

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|Participant Dialing |

|Instructions: |

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|SE:       +46 8 5059 |UK:      +44 203 139 48 30 |

|63 06 | |

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|NO:      +47 23 50 05|CN:      +86 400 681 54 21 |

|59 | |

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|US:      + 1 (866) | |

|928-7517 | |

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|Conference PIN code: |

|80849742#The earnings |

|call will also be |

|available over the |

|web.To access, click |

|the following link: |

|Sino Agro Q3 2017 |

|Earnings |

|Call (   [*https://tv.strea*](https://tv.strea) |

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**Notes**

About Sino Agro Food, Inc. SIAF is a specialized investment company focused on protein food. The Company ***produces***, distributes, markets, and sells sustainable seafood and beef to the rapidly growing middle class in China. Activities also include production of organic fertilizer and ***produce***. SIAF is a global leader in developing land based recirculating aquaculture systems ("RAS"), and with its partners is the world's largest ***producer*** of sustainable RAS prawns. Founded in 2006 and headquartered in Guangzhou, the Company had over 550 employees and revenue of USD 343 million in 2016. Operations are located in Guangdong, Qinghai, and Hunan provinces, and in Shanghai.  Sino Agro Food is a public company listed on OTCQX U.S. Premier in the United States and on the Oslo Børs' Merkur Market in Norway. News and updates about Sino Agro Food, Inc., including key information, are published on the Company's website ([*http://www.sinoagrofood.com*](http://www.sinoagrofood.com)), the Company's Facebook page (   [*https://www.facebook.com/SinoAgroFoodInc*](https://www.facebook.com/SinoAgroFoodInc)), and on twitter @SinoAgroFood (   [*https://twitter.com/SinoAgroFood*](https://twitter.com/SinoAgroFood)). Forward Looking Statements This release may contain forward-looking statements relating to the business of SIAF and its subsidiary companies. All statements other than historical facts are forward-looking statements, which can be identified by the use of forward-looking terminology such as "believes," "expects" or similar expressions. These statements involve risks and uncertainties that may cause actual results to differ materially from those anticipated, believed, estimated or expected. These risks and uncertainties are described in detail in our filings with the Securities and Exchange Commission. Forward-looking statements are based on SIAF's current expectations and beliefs concerning future developments and their potential effects on SIAF. There is no assurance that future developments affecting SIAF will be those anticipated by SIAF. SIAF undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

**Graphic**

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Sino Agro Food Inc 10-Q 2017-11-14

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**Length:** 16317 words

**Body**

Text of "State Council meeting on improving investment appeal of Russian regions" published in English by Russian presidential website on 12 January

State Council meeting on improving investment appeal of Russian regions

December 27, 2017, The Kremlin, Moscow

Vladimir Putin is chairing a State Council meeting on improving investment appeal of the Russian regions in the Kremlin.

Head of the State Council Working Group and Novgorod Region Governor Andrei Nikitin will deliver the keynote speech.

The meeting participants will discuss concrete proposals for improving the investment climate. The results of implementing targeted models for simplifying business procedures will be reviewed separately.

\* \* \*

Transcript of State Council meeting on the Investment Appeal of the Russian Regions as a Prerequisite for Economic Growth in the Russian Federation

President of Russia Vladimir Putin: Good afternoon, colleagues,

We are holding this year's final State Council meeting. Of course, I wish you all the very best for the festive season, and would like to thank you all for your work in the outgoing year, and wish you every success in the new year.

As is customary, we sum up the results at the close of the year. Today, we will discuss what we managed to accomplish and what remains to be done in the key area such as improving the investment appeal of the Russian regions, creating a comfortable environment for opening and running businesses, and launching new production sites. This means creating new jobs, increasing real wages and personal incomes, which is undoubtedly our top priority.

I would like to say that enhancing investment and business activity is an economic task designed to create conditions for economic growth and for strengthening the regions' taxable revenue base. But it is also a political task, because taxes provide resources and increase reserves for the development of our healthcare, education and the social sphere in general, as well as for implementing improvement, urban development and environmental projects.

It should be said that investment trends largely depend on the regional management teams. Over the past three years, investment has decreased in the country by 7.9 percent due to the crisis. At the same time, 21 regions have reported an increase of investment in fixed assets. Investment in the best 10 regions has grown by nearly 40 percent in real terms. These are the Amur, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk and Tula regions, as well as the republics of Yakutia and Kabardino-Balkaria and the Yamal-Nenets Autonomous Area.

It takes a systemic approach to improve the business climate. I consider it to be exceptionally important that we applied this approach in the past few years. The efforts taken by our companies, the federal and regional authorities and the Agency for ***Strategic*** Initiatives (ASI) have been brought together within the framework of a completely new mechanism.

I am referring to the National Entrepreneurial Initiative, which has allowed us to simplify the federal legal framework by eliminating over 50 excessive administrative procedures which were not essential for doing business but were a considerable burden on it. Companies spent over a year on completing all these procedures instead of doing business.

According to ASI, the National Entrepreneurial Initiative has helped us eliminate 50 excessive procedures that took a total of 435 days to complete. Specifically, the time required to register property has decreased from 43 to 13 days between 2012 and 2017 and the time needed to register a company from 30 to 10 days. The process of getting an electricity connection, which was a major headache for the national economy, has decreased from 281 to 83 days. The time associated with the preparation of papers and the process of moving export goods across the border has been cut from 139 to 97 hours between 2015 and 2017.

Of course, it is necessary to continue improving the legislation. It should support business initiatives and streamline entrepreneurs' day-to-day operations.

Let me emphasise that it is important not only to control and monitor compliance with legislative provisions but also to find the most successful practices of improving the business climate. Its efficiency should be assessed by business itself. At any rate, we should proceed from what is happening in real life. This is where we get a real picture.

This is the approach that underlies the National Investment Climate Rating. Its key task is to promote development and facilitate the dissemination of the best experience on boosting the investment appeal.

We have a group of regions that set high standards in the investment area. Let me repeat, I have mentioned those that have been the most successful but there are more of them as well. This is Tatarstan, Chuvashia and the Tula, Kaluga, Tyumen and Ulyanovsk regions and the Krasnodar Territory. It is important to point out that the Far Eastern regions, such as the Khabarovsk Territory and the Amur Region have substantially strengthened their positions this year.

Let me add that this rating is yet another step in the direction of increasing the transparency of the government administration as well as its responsibility to the society and citizens. It has already become a good impetus for the regions to achieve some progress. They must work on a daily basis to increase their investment appeal and managerial competitiveness.

I would like to ask the Agency for ***Strategic*** Initiatives to continue this work in cooperation with the Government and business associations, to develop and improve the National Investment Climate Rating.

Last January we approved 12 target models on the basis of the most successful regional investment experience. These are instructions on making business easier with clear-cut instructions on how to register land allocation, receive a construction permit, which is still so difficult in many respects, and get connected to such things as technology networks.

We agreed to introduce target models before the end of this year. Let us discuss today what has been done in this respect. I ask the governors to say what has already been done and what difficulties they are facing in practice.

Colleagues, it is obvious that besides the improvement of the legal framework and regulations, investment attractiveness depends on other factors too, and the key one is providing business with personnel.

I would like to emphasise again that it is necessary to develop vocational education, first of all skilled workers, engineers and specialists together with the business community and business associations.

We need to think about how to organise and modernise the vocational education system using the best Russian and world standards. Let us talk about this too. Another important issue is the efficient interaction between federal, regional and municipal structures.

Businesses regularly complain about the actions of the oversight and security agencies at the local level. And those entrepreneurs who work in accordance with the law suffer, while those whose activity is only half-legal and who operate in the grey area benefit from them.

Once again, there must be no detachment in improving the business climate. All structures - federal, regional and municipal - have the common task of attracting investors, creating conditions for starting and doing business, developing the regions and improving people's quality of life.

I suggest that today we discuss this issue, as well as the coordination of the activity of the federal agencies with their local colleagues.

Next, the favourable environment for business includes modern roads, networks, logistics - I am talking about eliminating infrastructure obstacles for the development of the Russian economy.

Approximately six months ago, the Government suggested launching a so-called "infrastructure mortgage" mechanism which will make it possible to attract additional financial resources to the construction sector as well as for efforts to improve the quality of the roads. I ask the Economic Development Minister to report today on the progress of this work.

Let me stress in this context that we shall have to tackle comprehensive large-scale tasks involved in developing the regions, including the infrastructure. It is these goals that are outlined in the updated Basics of the State Policy in the Area of Regional Development until 2025.

In the coming year, the Government should adopt a strategy for this country's long-term spatial development, which will define the competitive advantages and growth points for each constituent entity of the Russian Federation, as well as their economic specialisation and the role in international cooperative ties.

Based on this, it is necessary to adjust the relevant state and municipal ***programmes*** and natural monopolies' ***plans*** to locate transport, energy and social facilities. I have just examined yet another construction-related document sent by the Government.

A concrete case in point concerns enterprises in the shipbuilding industry and port installations. We don't need any duplication or wasting of funds. We should focus on achieving concrete results and determine the mechanisms for guaranteed funding of priority infrastructure projects that are of importance for developing the regions and for business operations.

In this way, we will be able to set clear, predictable long-term guidelines for implementing private investment initiatives as well as business projects and give them proper state support.

Financial stability is yet another factor in the regions' investment appeal. Investors and the business community trust those regions that are able to live up to their obligations, conduct responsible and balanced budget policies, and avoid excessive borrowing.

I understand perfectly well what the state of regional finances was in previous years and the reasons for this state. As you know, we have launched a ***programme*** for rescheduling loans extended by the government to improve the financial standing of the regions and give them additional funding they can use to handle their current tasks, as well as those they ***plan*** for the future.

Colleagues, I would like to specifically stress this point in order to bring your attention to it, as it is very important, so I would like to remind you of it yet again: regions that have joined this ***programme*** have undertaken to reduce their commercial debt load and their budget deficit. I ask you to take this seriously and give attention to this.

The funds you get must lead to financial rehabilitation in the regions. You should not take out new loans to squander them, spending money as you think to be reasonable and starting to run up debt again. I would like everyone to know that I have asked relevant ministries and agencies to regularly report to me on efforts to achieve financial rehabilitation in the regions across the Russian Federation.

I already spoke about this in public and can repeat this to you with a heavy heart: there are regions which are in no hurry to refinance their loans, although they have the opportunity to do so, and continue borrowing from private banks. It is strange. I will look into [the situation] one more time.

They have the opportunity to repay their loans by fresh borrowing at a lower interest rate through government funding, however, they still obtain loans from private banks at a high interest rate. Whom do you allow to make money on this? Please, think about this, the situation has to be resolved as soon as possible.

I would like to bring the attention of both the regions and the federal bodies to the need to fulfil all obligations undertaken under the rescheduling agreements in full. We will consider this to be an important indicator of how efficient and effective the performance of regional authorities and heads of departments is, while today, we will analyse progress achieved in the government loan rescheduling.

Let us start. I will give the floor to the head of the State Council working group, Mr Nikitin.

Please go ahead.

Novgorod Region Governor Andrei Nikitin: Mr President, colleagues. When the Agency for ***Strategic*** Initiatives launched the National Entrepreneurial Initiative in 2012, we pursued primarily business interests. We were drafting amendments to federal legislation and monitored law-enforcement practice together with entrepreneurs.

Naturally, we relied on the experience of the Kaluga Region, the Republic of Tatarstan and other regions of the Russian Federation that have achieved considerable success in creating a comfortable business environment in a short span of time. Our colleagues used a practical example to show that for all the significance of the current legal framework, competent work of regional teams is of major importance.

Today I can assess the launched mechanisms as the head of the region. The national rankings allow us to see better the best practices and approaches, and strongly motivate us to be the best. In turn, target models are in fact a KPI for executive government bodies of the Novgorod Region with understandable, concrete targets, tasks, and of course, deadlines.

I would like to note that we have worked for less than a year, but already rank in ninth place among the Russian regions in introducing target models. We see the results ***produced*** by adopted decisions. The development of business is creating jobs with decent incomes and opportunities for our citizens to start their own business.

Colleagues, to go forward, we should resolve the systemic problems that are seriously obstructing normal conditions for doing business. These barriers are obvious at regional and local levels. As the head of the State Council working group, I would like to discuss several key areas.

I would like to start with one of the most sensitive issues for entrepreneurs. I am referring to the increase of administrative burden on business. The working group has made specific proposals and my colleagues will speak about them. I would like to make a number of important points.

We have a unified registry of inspections, but for the time being it does not contain all information. I think it should include all supervisory and other measures that are conducted as regards entrepreneurs on the territory of each region of the Russian Federation. Inspections should be accompanied by video recordings that should be kept for no less than one year and granted to the bodies of the Prosecutor's Office for the exercise of their supervisory authority.

The next subject is reliably ensuring the right of property on specific plots of land. Without this we will not be able to attract investment and develop our cities and villages.

Today we do not have normal territorial ***planning*** and land use. Master ***plans*** of cities and villages are formalistic and not always fulfilled. I will quote a specific example. We have launched a project on creating a 3D model of a region with the help of drones. More than 860 plots of land with a vague status have been found within Veliky Novgorod alone. There are industrial buildings and housing on this land. The cadastral value of these land plots is 585 million rubles, which are actually illegal. So, what do we suggest in this respect?

First, to update the territorial ***planning*** documents on the basis of uniform methods and a regulatory framework.

Second, to digitise services on urban ***planning*** and put them on the relevant regional information systems. Thus, all information will be accessible to citizens, entrepreneurs and investors. We believe decisions on introducing such documents on territorial and urban ***planning*** should be made at the regional level and also carried out as a separate project under the Digital Economy ***programme***. There are best practices in this area as well in the Moscow and Tyumen regions.

Now about the deadlines, procedures and quality of heat, water and gas supply services. We work on target models, we regularly conduct business surveys that help us understand how effective our steps are. But here is what is important. Often getting a utilities connection and obtaining energy resources is provided by private organisations, which for a number of reasons have a monopoly in certain territories and do not seek to optimise the technological connection processes or introduce modern services.

It is impossible to submit an electronic application, and to be blunt, certain persons simply demand an additional fee to speed up the resolution of some matters. We believe that companies which provide public services to citizens and entrepreneurs and are monopolies in any sphere, regardless of the form of ownership, should work according to uniform rules and standards. This primarily refers to providing services and reducing deadlines, including in the one-stop-shop form.

Colleagues, I would like to address another very important issue for the development of entrepreneurship. Some of our fellow entrepreneurs believe that it is more profitable to work without registration. Illegal entrepreneurs do not bear any responsibility for poor-quality services, do not pay taxes or contributions for employees to mandatory funds, force people to work illegally, without any guarantees, can fire employees at any time and pay wages in envelopes, which means that this revenue will not be taken into account when forming pension rights.

Municipalities, in turn, lose income, which they could spend on the development of territories. In the Pestovo Municipal District of the Novgorod Region alone, 6,000 people out of the 12,000-strong working population worked at unregistered enterprises. Thanks to the support of the Prosecutor's Office, we managed to officially employ 500 of them in the last few months, and these people began to receive official salaries. I would like to note that the total amount of revenue from personal income taxes the local budget lost may amount to about 90 million rubles (this is one-sixth of the total revenue of the municipal district).

Another example is the provision of tourist services by persons who do not officially have the status of entrepreneurs or legal entities. So, one of the most popular booking resources contains more than 200 reviews on a private hotel. During an inspection, the owner said that his relatives came to his place, and he does not make any profit or engage in entrepreneurial activity.

At the same time, major investors are openly telling us: we are not prepared to work in the absence of fair competition, because we will be losing to illegal businesses in terms of the economy. I emphasise, proper conditions are being created for small companies and sole proprietors at the federal and regional levels. I would like to thank the Corporation for the Development of Small and Medium-Sized Businesses for their Business Navigator for small and medium-sized entrepreneurship, lending ***programmes***, guarantees, and access to procurement by monopolies.

The regions are taking steps to reduce tax rates for those who use the simplified taxation system. There are ways to quickly register a business. I believe we cannot allow the shadow sector to destroy the competitive environment, or to put honest businesspeople at a disadvantage. So, we propose taking another look at liability for illegal entrepreneurship.

Colleagues, on a separate note, I would like to spend a moment discussing the mechanisms for supporting investment projects in the regions. Today, the regions have been given broad authority regarding tax benefits. However, no one can tell whether a particular preference is good for business. In the end, the investor does not feel any support, and the budget loses money. We suggest developing a methodology for assessing the effectiveness of tax incentives and introducing accountability for project outcomes.

Also, a ***programme*** for compensating expenses of the regions on creating regional industrial parks started in 2015. The funds available under it cannot exceed the amount of federal taxes effectively paid by tax residents. Clearly, the VAT payments are the largest ones, and the companies get a refund when exporting products meaning that the VAT is not taken into account when calculating compensation amounts.

It turns out that, on the one hand, we are striving to increase exports of domestic products and, on the other hand, we are depriving regions of motivation to work with the companies oriented towards foreign markets. In this regard, we believe it is necessary to adjust the mechanism for compensating the costs involved in creating industrial parks.

Colleagues, today, you can hear almost every large company cite a lack of young skilled personnel. At the same time the prestige of blue-collar jobs is growing and our youth are willing to receive a quality education that will allow them to find an interesting, in-demand job and receive a decent income.

We must meet the demand from domestic business, and of course, from young people. To do this, we must help our colleges, including technical colleges, be up to the highest global standards, to massively renovate their facilities and install new equipment and also have teachers upgrade their skills. We suggest implementing the state ***programme*** for developing the system of basic and intermediate vocational education that will be co-financed by both the regions and businesses.

Mr President, colleagues,

Six years ago you tasked us with creating conditions for doing business in Russia on par with the world's leading countries. We have made a significant step forward. But in the contemporary world, to be the best and competitive, we need to constantly improve and move faster than other countries. We need a mechanism that will allow us to promptly respond to businesses' growing demands regarding the quality of the business environment.

I am talking about timely changes in the laws and regulatory acts, as well as exchanging best practices. In this connection, we suggest that a centre for monitoring and lifting regulatory restrictions be established under the Ministry of Economic Development and a coordinating body at the governmental level.

Thank you for your attention. This is the end of my report.

Vladimir Putin: Thank you very much.

Please, Mr Golubev, go ahead.

Rostov Region Governor Vasily Golubev: Mr President, colleagues,

The working group has presented a comprehensive and detailed report. Mr Nikitin spoke about the main provisions, so I'd like to comment on several proposals.

First, it is evident that one of the factors influencing the investment appeal of the regions is increasing their budgetary self-reliance. Reaching this goal is possible only as a result of pursuing a responsible and well-balanced budget policy, ***planning*** real revenue without any "soap bubbles," economical and effective spending within the limits of one's authority, and strictly observing financial discipline all while meeting the social commitments to the people.

Another challenge for investment appeal is the region's debt burden. As of December 1, the public debt of Russia's territorial entities totalled 2 trillion 141 billion rubles.

Mr President, at the State Council Presidium meeting in Ulyanovsk, you made a landmark decision to restructure budgetary loans, which is very important to our regions. This will allow us to ease-off regional debt burdens.

In addition, based on your instructions to the Government Commission for Regional Development, the Ministry of Finance made decisions to adopt budgetary rules that will prevent unbalanced budgets. However, the problem of high cost of commercial borrowings remains. In the regional budgets, the debt load this year was about 140 billion rubles and the loans themselves exceed one trillion rubles.

If the federal authorities had not supported regional financing, we would be talking about insolvency in some regions today. For this reason, observing financial discipline should be a top priority in all budgetary relations. In other words, the obligations the regions assume when signing contracts with the Ministry of Finance, should be fulfilled, just as the federal authorities' obligations to regions.

The issue of reducing interest rates for the Russian Federation's constituent entities to ensure financial stability remains very relevant. The Bank of Russia has adopted certain regulatory measures; there have been recommendations to lend funds to the constituent entities at no more than a key plus one percent rate.

In this regard, we are suggesting considering a further reduction of interest rates on commercial loans for the regional budgets. At the same time, the regions need to provide a balanced budget and prudent debt policies, consolidation of internal state financial controls that focus on preventive measures, as well as budget transparency.

Allow me to express the collective opinion of all the constituent entities: we need to find a milder version of the model of interaction between commercial banks and Russia's regions.

Mr President! We are asking you to instruct the Russian government to work with the Bank of Russia to develop new measures to reduce the interest rate burden on the budgets of the regions.

For example, we are proposing a special lending schedule for the Bank of Russia, which, if approved by the Russian Ministry of Finance, would provide credit support to the regional budgets at a reduced interest rate.

The second suggestion. It is no secret that the activity of law enforcement agencies greatly influences the investment climate. Once there are signs at the regional level of something being done in an unprofessional way - and in middle management this happens quite often, or even worse (as you said recently), that there are unscrupulous law enforcement officials involved - any functioning investment climate management system collapses. It is obvious that under the present circumstances the issue of establishing a confident environment for conducting business activities and developing entrepreneurship must become a priority for the authorities in the regions.

Under the presidential executive order, coordination meetings have been created in the regions, which include the heads of the law enforcement and oversight bodies. In this regard, I propose informing the Government about the role and the influence these bodies have on the investment climate in each region based on their performance during the year.

There is one more proposal. The time has come for business representatives to come together and have permanent and systematic platforms for interaction between themselves, the Government and business, and of course, vertically from the municipal level all the way up to the federal government.

This will allow us to prepare and implement validated and effective economic solutions, which is important today, and this approach will lead us to a place where businesses will also be accountable to society. I am referring to the negative things that happen in economic activities. I believe our society and our people should be aware of this.

There are proposals that the Chamber of Commerce and Industry of the Russian Federation should assume this role. This organisation has offices all the way from the district level to the federal centre, and also has administrative staff and expertise. This approach is common in many countries. Some of our regions also have positive experience in this area, and the role of chambers of commerce and industry is notable in developing economic policies, including investment policies.

There are instances where regional chambers of commerce and industry are entitled to legislative initiative, and this is working effectively today. I am convinced that implementing these measures will really create the proper environment for improving the investment climate.

Mr President, please have the above proposals included in the list of instructions to be drawn up following today's State Council meeting.

Vladimir Putin: Thank you.

Mr Vorobyov, please go ahead.

Moscow Region Governor Andrei Vorobyov: Mr President, colleagues,

Mr President, I would like to begin with words of gratitude for creating the ASI platform in its own time, because the rankings that are compiled and published at the St Petersburg Forum are an important reference point for us, and each territory wants, of course, to improve its investment potential. It is good that we have an opportunity to regularly share experience and use best practices in our regions.

To further improve the investment climate, I would like to ask you to pass down instructions in three areas.

First, these are special economic zones. In May 2016 an inspection revealed violations and inefficiency in special economic zones. Since then the Government of the Russian Federation and the regional authorities have carried out a lot of work and I think there is every reason to remove this moratorium.

This would allow the regions to establish new special economic zones to attract new investors and of course, grant a package of regional and federal benefits. This is the first request or proposal that I would like to submit.

Second, I would like to talk about e-services. The problem is that to build a plant or factory, investors have to apply for 22 approvals - nine regional and 13 federal permits. My request, Mr President, is to forward an instruction on mandatory e-document exchange with the federal departments. This would drastically reduce the paperwork and the number of applications that are required from entrepreneurs and investors.

We have already amassed positive experience both with the Special Guard Service and Rosaviatsiya (Federal Air Transport Agency). We signed agreements with Rospotrebnadzor (Federal Service for the Oversight of Consumer Protection and Welfare) and Rosavtodor (Federal Road Agency) the other day and they have greatly improved the investment climate. They make it possible to approve documents and build new enterprises with much less delay.

There are some issues in approving documents in the Ministry of Culture and the Federal Agency on the Use of Mineral Resources. The problem is that you have to get approvals no matter where you want to build a plant, even on an old site. You have to get approvals from the Ministry of Culture and the Federal Agency on the Use of Mineral Resources. This is required by law. I would like to suggest amending it so that both this ministry and the agency are required to list the areas that are of special value to them. We have already done this as regards territories near airfields where the owners themselves publish what territories are under restrictions.

And the third issue that you mentioned in your speech is a reduction in the utility connection times. Indeed, all regions made a breakthrough both in gas and electricity because there is a law on standardised fees. I have already talked with the Prime Minister on this issue; he understands where we are with this.

We need a federal law on standardised fees for heat, water discharge and water supply. This would also enable us to drastically reduce the infrastructure connection times and facilitate the commissioning of new enterprises.

So, Mr President, these are my three proposals that I wanted to draw your attention to.

Vladimir Putin: Thank you very much.

Mr Oreshkin.

Minister of Economic Development Maxim Oreshkin: Thank you very much. Mr President, colleagues,

Today, indeed, it was noted that we made great progress in the Doing Business rankings, and the national ranking system encourages the regions to compete among themselves and to improve procedures. However, the analysis shows that there is not always a clear relationship, for example, between the rankings and investment dynamics.

The fact is that the benchmark models and the investment standards offered to the regions are necessary, but of course, insufficient conditions for ensuring favourable investment climate sometimes exist.

I would like to spend a moment to discuss a number of issues.

First, today we talked about the importance of regional financial sustainability. I am not going to delve into matters that Mr Siluanov will take up in his remarks, but I will make just one point taking advantage of the fact that so many governors are present here today. This week we have completed the first stage of the work to identify the so-called redundant, and occasionally even absurd, requirements that the federal authorities set for the regional authorities. I will give you a couple of examples.

We have, for example, an order by the Ministry of Communications that requires everyone to switch to a certain type of franking machines for mail correspondence beginning February 1, 2018. The regions will pay three billion rubles to comply with that next year. Or take, for example, an order by the Ministry of Labour, which identifies a list of equipment that needs to be installed at the organisations that provide social services. The list includes the number of mirrors and the number of clocks on the walls, and how many checker and chess sets should be available on the tables.

We made the first list of such requirements, and submitted it to the Government this week. We suggest either changing or cancelling them. Our ultimate goal is to create an institutional mechanism which will prevent these kinds of requirements from ever surfacing. Recently, we discussed this with the State Duma and the Federation Council, and we are already working to this end.

The second point I would like to make is the stability of the tax system which is an important part of the investment climate. I will give you an example as well.

With regard to the story about returning the right to grant tax incentives on movable property to the regions, beginning next year, if a region does not decide on an incentive, the rate will be set at 1.1 percent. Here, we can see that different regions proceed differently. What, for example, are the regions, for which the stability of tax terms is of primary importance, to do? I will give you an example of the Ivanovo or Nizhny Novgorod regions. They maintained this incentive in key industries, but not all of them. They chose the ones where the tax really represents a tax on modernisation, and ensured keeping this incentive. It is important, when taking decisions, to always think ahead and to understand what ramifications can follow any short-term gains in revenue.

The third thing that has already been mentioned today is control and oversight. Here, it is important to not just limit this activity head on, but rather make it smart. The pressure on businesses should decrease following reorientation of the control agencies to high-risk sites, which systematically commit gross violations of the law. With that, low-risk facilities, on the contrary, should be completely exempted from ***planned*** inspections.

Here, too, importantly, a significant portion of these controls should, in the near future, become remote, and the opportunities that the digital economy opens before us will make it possible to automate control to an even greater extent.

The law on control and oversight which describes the new system was put together this year and submitted by the Government to the State Duma. I hope we will work it through in detail next year, as it needs more work, and then adopt a draft law to this effect.

Infrastructure is the fourth important area that you, Mr President, mentioned. Clearly, when the quality of roads is low and energy or railway infrastructure is not available, this can put an end to any investment project, be it large or small. Again, I will give you an example.

The town of Novomoskovsk in the Tula Region has a good industrial park, with properly developed sites for the construction of plants. However, trucking the output from this area is a challenge. The bridge which connects this area with the mainland has one lane closed for safety reasons, as it is in poor condition. No proper transport infrastructure, so everything else is just not working. Indeed, creating an infrastructure that is adequate for economic needs is a prerequisite for improving investment activity.

We have accomplished certain things, though. We drew up a detailed ***plan*** for implementing the new ***programme***. This ***plan***, as well as a number of amendments to draft laws, have already been submitted to the Government. In the first quarter, we will need to do a lot of work to put these changes into practice. We are working actively on pilot projects with the regions such as the Tula Region - everything I mentioned about it - the Novgorod Region, the Perm Region, and a number of other regions, because they are moving forward fast.

The fifth point is competition. It is possible to have ideal infrastructure and perfect procedures but investment will decrease if competition rules are violated.

Mr Nikitin talked about illegal businesses but there are also other problems such as the creation of unitary enterprises in the market, and other forms of regional protectionism. There are also problems with regulations that put competing enterprises in the same industry into different conditions and many other things.

Mr President, you recently signed an executive order on competition and it reflects all these important points. Now our task is to match reality to this executive order. I also think it is important to establish an institutional mechanism that will monitor whether the actions of the authorities correspond to the provisions of the signed executive order.

The sixth point is the human factor, of course. Mr Nikitin spoke about personnel. Indeed, the economy of the 21st century is based on human capital. Therefore, an environment that ensures high living standards and allows people to develop and realise their potential is an absolutely indispensable part of the general investment climate. For instance, the goal of increasing the global competitiveness of Russian cities is highly important in this respect.

Returning to the start of my speech - administrative procedures - I must admit that we need to win global competition rather than simply compete. We must make breakthroughs in some areas, and digital technology allows us to achieve this.

Mr Nikitin talked about the 3D-model of the region that revealed, as a result of cooperation with Rosreestr (Federal Service for State Registration, Cadastre and Cartography), unregistered plots of land, which could increase tax revenue in the region.

Another project that Rosreestr is beginning to carry out jointly with Moscow is on a higher level. It is not just a 3D-model of the region. It is basically the issue of full 3D cadastre registration for buildings, which will substantially facilitate real estate transactions in the capital.

This is one of the examples where new technology makes it possible to raise procedures to an entirely new level. Understandably, it is not always possible to implement these ideas under current law for the simple reason that some areas have not yet been covered. This is why experts are working hard in cooperation with business to change the laws and regulations for the Digital Economy ***programme***.

The part of the ***programme*** that we reviewed at the commission meeting with the Prime Minister already contains 53 drafts that should be amended in the next eighteen months. We are ready to listen to the ideas of our regions. If there is a new specific, tech-savvy solution that cannot be carried out because of legal restrictions, we will be happy to include it in this ***plan***.

In closing, indeed, we are now faced with a critical mass of initiatives and goals to increase our investment appeal in the broad sense of the word. Mr Nikitin suggested creating a single centre for monitoring and eliminating normative and regulatory restrictions on business. I support this idea, we will be happy to take on such a function.

Vladimir Putin: Thank you.

Mr Siluanov, please go ahead.

Minister of Finance Anton Siluanov: Mr President, colleagues,

Clearly, the country's investment climate is formed in the regions. It includes infrastructure, tax regulations, promptness of opening and running a business, connecting to the grid, and so on.

Much depends on a regional leader's pro-active stance. There is a big difference between the regions where the governor and his team are looking for investors in Russia and around the world, and are working to create a proper investment climate in their respective regions, and the regions, which spend most of their time trying to get more financial aid from the federal centre. So, motivation tools are being introduced at the federal level to encourage the regions to develop pro-investment regulations in their respective territories.

What do I mean by that? This includes grants that the federal centre is making available to the regions in recognition of their success in achieving benchmarks, including increases in investment, creating new jobs, and increasing the gross regional product. It also includes profit tax refund that is credited to the federal budget as regards profit tax gains for the regions which showed growth for this indicator during the financial year under report, that is, in effect, ensured investment activity.

This also includes accounting, as part of calculating financial assistance, for the so-called tax expenses or incentives provided by the regions, and the incentives which, according to our criteria, fall under the effective incentive indicators. They will be taken into account when deciding on not reducing the amount of financial aid provided by the federal centre.

Additional tax incentives to encourage investment will be introduced in 2018. This includes an investment tax break, the corresponding law has been adopted. Now, the regions can make a decision on granting a tax incentive as it applies to new investment. In other words, new investment will, in fact, be deducted from the taxable profit tax base. This also includes the so-called special investment contract in a new format: for major investors with over one billion rubles in capital, special conditions will be created protecting them against changes in tax legislation, providing preferential terms for stable infrastructure solutions, and preferential taxation terms. This also includes subsidies for the regions to develop industrial parks using the revenue that comes to the federal budget from these industrial parks (the regions will get a refund to compensate for these expenses). We have a number of other tools as well. All we need to do is use them. Unfortunately, we can see that not all regions take this into account in their activities.

And, of course, the budget policy. Mr President, you have already spoken about this that indeed the drafting of patently unrealistic budgets, and the failure to comply with commitments on agreements and infrastructure projects and also accounts payable that are revealed with new governors are creating mistrust and a lack of motivation to invest in a region that pursues such an irresponsible financial policy.

In the last few years the Ministry has been trying to put regional finances in order. We have signed agreements on budget parameters and on debt as a condition of granting financial aid and loans, and agreed on responsible financial policy loan restructuring.

I would like to report that today 74 of 78 regions that can sign loan restructuring agreements, have already addressed us and we will sign these agreements before the end of this year. Four regions have not yet addressed the Finance Ministry because the sums they owe are insignificant. Probably, such debt will not be restructured, but again, this is not critical for the budgets of these regions.

I would like to draw the attention of the regions to the need to observe the commitments under these agreements. There are precedents when agreements on loans and financial aid were signed. In three or four cases they were not fulfilled. This is a systematic failure to comply with your commitments. How can this happen? Naturally, under these conditions it is impossible to talk about investment appeal. In these cases we resort to treasury support. In effect, the Treasury itself determines its priorities - whom to fund in the first, second or third place. Obviously, investors will not be attracted to such regions.

To sum up, there are investment tools, and they simply need to be used. The Government will toughen the responsibility of the regional governors for creating a business environment. Naturally, a realistic and well-balanced budget and sustainable financial policy facilitate trust and success and create the investment appeal of the region. It is necessary to take this into account by all means.

Vladimir Putin: Thank you.

Please, colleagues, do you have any comments or suggestions?

Please, Mr Zyuganov.

Chairman of the Central Committee of the Communist Party of the Russian Federation Gennady Zyuganov: Colleagues, three important speeches have been made that I believe, will influence both domestic and foreign policy, including the investment climate [in our country].

President Vladimir Putin has addressed the country with his, I will call it, message Russia Focused on the Future, in which he set forth guidelines on how to lead the country to make it competitive, intelligent, successful and secure.

Speaking at a Chinese Communist Party meeting, Xi Jinping presented a ***programme*** for the next 30 years. They ***plan*** to eradicate poverty by 2021, when they will mark the 100th anniversary of the Communist Party, and become the world's leading country within the next five years. [Donald] Trump presented his national security strategy, referring to Russia and China for the first time in the history of the United States as the US's two main adversaries or, maybe, even enemies.

Never before have UN foreign policy statements like this been made, because [Henry] Kissinger, one of the most intelligent strategists, invariably said: we can never allow Russia and China to cement their common interests. Apparently, global policy in the next few years will be confined to a triangle of American globalism, Russian revival and China's breakthrough into the future. Much will depend on how fast [each of them] moves.

Mr President, in your Address last year, you set an absolutely correct and realistic objective for the country to reach global economic growth rates. This year, the growth rate for Russia will be 3.5 percent, in China it will be 7.5 percent and the US economy will see global growth. We must do everything to deliver on your instructions because [our] competitiveness, in this case, security, is at stake.

Any country which cares about its future should begin with a law on the distribution of productive forces and population. Given our vast territory, this law acquires a special meaning, and we need it to identify areas of investment activity. If you use a compass and draw a circle with a radius of 1,000 kilometres around Vladivostok on a map, you should know that in our country only 3.5 million people live in this area while 350 million people live in the neighbouring territories.

The recent efforts of the President and the government on developing the Far East - the cosmodrome, a scientific centre, laying our [gas] pipeline - are a good start. However, if we do not triple are efforts in this area, the situation will aggravate for us. This is why we should think together about how to proceed with that line, all the more so given that the current relations with China allow us to implement a number of ***programmes***.

Our Governor Levchenko's visit to China with Ms Matviyenko has already achieved the realisation of four large investment ***programmes***. And such regions as the Irkutsk Region, the Krasnoyarsk Territory, the Novosibirsk Region could be an engine for the development not only of the Siberian but also the Far Eastern regions. Yet the key territories whose development is essential for us are Crimea and Kaliningrad which are largely ***strategic*** territories, and we will have to work together on that.

Mr President, five years ago you undertook, in my view, an exceptionally crucial attempt to ***plan*** future work by issuing 11 decrees. They determined development parameters, deadlines and personal responsibility. As we are review the results now, we see that the matters related to security and defence that you oversaw, yielded excellent results, including Syria, equipment renewal, and creating new technologies.

Regarding a number of areas of investment nature, new equipment and productivity, we have not reached the goals that were set. I think one of the reasons for this is the lack of tough and due accountability and personal responsibility. Many issues could have been resolved.

When the most influential people speak at our Duma - you spoke there, so did His Holiness Patriarch Kirill, Nobel Prize winner Zhores Alferov - there emerged a formula which, in my opinion, is the groundwork for exiting the crisis, for the revival of the country. They are the values of the Holy Rus, Russia's millennium-long statehood and Soviet justice. Where we had those as guidelines, in my view, we had the best results.

For example, 132 delegations came to us for the centenary of the Great October Revolution, and you supported sending these invitations to the delegations. I would like to stress and inform everyone - including the governors, and to thank you as you were very considerate about the issue - all 132 delegations (there were 500 MPs and 60 general secretaries), without exception, supported our foreign policy, the policy of fighting terrorism, the policy of security, the policy of strengthening peace on the planet, all the delegations supported us on Crimea and Sevastopol, and all of them without exception took support for Donbass seriously. We recently sent the 68th [humanitarian] convoy related to the New Year holidays.

The Syrian example shows the result that can be achieved when the state machinery, parties, movements, ministers, service personnel and citizens work towards one and the same goal. Everyone believed that it was impossible to accomplish this task, but it was accomplished in the shortest possible time and extremely effectively. However, we must not rest on our laurels. I saw that you met with your CIS colleagues yesterday. The situation will shift to Afghanistan and Central Asia, and we must therefore display maximum vigilance.

Last time when we contacted you on the Artek issue, you supported all State Duma party factions. It took us three years to turn Artek into the best place on Earth. Brilliant ***programmes*** have been introduced. We must thank Crimean leaders who have built 60 new facilities. In 1986, Artek received 38,000 children, an all-time high during the Soviet period, and 40,000 will stay there in 2017. This is an impressive result.

We must consider the supply of milk to children today. We have discussed this issue before. We hope you will support this measure. This would be an effective form of assistance for all families. The ***agricultural*** sector has posted a good harvest, but the processing industry is lagging behind. Unfortunately, this excellent harvest has not reduced the price of one loaf of bread even by one kopeck at local shops.

I would like to highlight several threats that all of us will have to deal with, and we will need to provide substantial extra investment. I have assessed the share of foreign capital in the energy sector. Our big country has a cold climate, and this share exceeds 90 percent. The share of foreign capital in the railway engineering sector is about 75 percent, and its share in vodka and tobacco is 53 percent. Most importantly, we cannot give away our sources because they will ensure the country's overall stability.

I would like to thank you for addressing the poverty issue in full measure. In your last three speeches, including at your meeting with deputies, you set this out clearly.

Incidentally, throughout 2017 the State Duma became more actively involved in resolving the most complicated matters, including the housing renovation or housing equity holders.

I am confident that if we pool our efforts we will obtain the desired result. All of us must be wary of the liberal revanchism. I never thought that all these characters who staged protests in front of the Bolshoi Theatre and in other squares in the 1990s would ever resurface again. All of us must remember that the liberal surge in February 1917 led to the breakdown of the state.

Hitler came to power with the help of liberals and unleashed the war. The very same liberals helped Mussolini, Franco and Pinochet come to power. Therefore, all of us must be vigilant because the Americans are shoring up these people every day, and we can feel it, especially in the media.

And the last point concerning our priorities and investment. Poverty. We must first address the children of the war. There are still 12 million of them; 140 billion rubles is nothing, we can afford it, but I feel ashamed looking them in the eye. Several big anniversaries are approaching, including the victories in the Moscow, Stalingrad, Orel and Kursk battles, and Victory Day.

As regards the defence industry, investment has been quite extensive. Even the smallest cuts are not acceptable. I have reviewed the funding ***plan***. You recently met with the new president of the Russian Academy of Sciences. Please support their initiative. Four billion for the academy and scientists but 80 billion for the Federal Agency for Scientific Organisations which has no idea about scientific inquiry? It allocates the funding to those in favour rather than those who need it and can solve problems. This is not right. There is a respective petition.

As concerns rural areas and construction, these are the two driving forces that always drag us out of a crisis if the money is invested properly. I am appealing to you because of the situation with traditionally ethnic Russian areas. Back in 1990, our population was 81 percent Russian. Now, unfortunately, Russian ethnicity is 75 percent and the death rate in traditionally Russian regions is higher than in others. Therefore, it is important to think about measures to support the state-forming ethnicity which is the core of our security and which is an internationalist nation uniting 190 peoples and languages preserving each and every culture, faith and tradition.

Finally, I wish you a Happy New Year. Thank you to the State Council for the support of this anniversary event. The iconic Red Army's 100th anniversary is coming up, along with the 100th anniversary of the Lenin Komsomol, the 200th birthday of Ivan Turgenev who comes from the same region as me. Andrei Klychkov is working effectively on the Orel Region's development, with your support. So, I hope we can deal with the current difficulties and challenges together.

Vladimir Putin: Thank you very much.

Mr Zhirinovsky, please.

Chairman of the Liberal Democratic Party of Russia Vladimir Zhirinovsky: I do not want to argue, but the world will not turn to China's path. No matter how we criticise Europe, its liberalism, freedom in economy, media and culture. Some of these liberties go too far. However, young people will still look up to Europe rather than Asia.

We need to merge our constituent regions to improve investment climate. Consider the case of the Voronezh Region. Under the Tsar it had the population of 8 million. It is 2.4 million now. Why is that? There is a decline even though the region is one of the largest. We need to bring together 30 such large entities under the term namestnichestvo, a Russian word. Most of the terms we use are foreign: region, rayon (district), governor. It is a reason why we are not always treated with respect when we speak Russian. Out of every 10 words seven come from other languages. It makes people think that we are not such a developed nation.

That is not our fault, but our ancestors'. Still, today's officials borrow foreign terms, and it plays a role. Today's Council focuses on the investment climate. Where are Russian words in that? We are used to the word 'climate', but what about 'investment'? Why can't we say it is an issue of 'putting money into the national economy'? Anyone listening to us right now would understand it, even children.

Transport is the main issue. It is our only advantage. Transport, transport economy - that doesn't sound good. Transport engineer is not a model job. People want to become actors, or whatever, but not transport engineers, even though the economy stagnates without transport.

Look at the Ural-North motorway. The idea to build it was put forward in 1912, but we will actually finish the project in 2023. It will have taken us 118 years to build a road! How can that even be? Why? Small regions, none of them have sufficient funds. If we had one large region, a territory - whatever we would call it - the road would have been long built. As it is, we just hear the small regions ask for more funds, because they lack them. And the project isn't going anywhere.

We grew a lot of grain but we do not have enough elevators. If all is well with production, the transport issues will not allow us to deliver the product. If transport is all right, then there are issues with processing and storing. All retail chains are owned by foreigners, and they don't want our products, but prioritise imports. We need the right professional orientation here.

The cryptocurrency concept emerged. Have students enrolled at a cryptocurrency department September 1? Is there a department or maybe a seminar? In four years, these specialists in cryptocurrency or other currencies will start working for the economy. This will be a trend. Not a single university has opened even one department, and no experts are available. Those who graduate from economic universities in the summer of 2018 should be trained accordingly. We need career guidance and a revision of professions to really improve the investment climate.

Regarding the repatriation of capital, we are doing everything as we should, but we are unable to guarantee banking secrecy. Is it possible to guarantee 100 percent privacy in at least one bank? The Central Bank should open a subsidiary for foreign currency assets. This would guarantee banking secrecy, and no one would know the names of those transferring money or the amounts. In fact, no one would even have the right to ask such questions. In Switzerland, people are jailed for asking how much money their neighbours have. They are not supposed to inquire about other people's assets. And this information is available all over Russia, including on the internet... Everyone has to file declarations and show how much money he or she has at various banks and accounts.

Look, we need classified declarations. It's no good telling the whole world where wealthy people live in this country because it will boost economic crime. Therefore, we need 100 percent banking secrecy that can be guaranteed forever by decisions signed and approved by the President, the Government and the parliament. And investigators should deal with criminals alone, if any.

And of course, foreign investors. And the problem here is that they should not push out local ***producers***. They are having a hard time, and I understand that inexpensive foreign money is issued quickly for longer terms. Nevertheless, we must not allow this to hamper our investors.

We have done everything right with regard to the land issue and cadastre values. But why do cadastre values exceed market prices by four times? The cadastre price of my friend's land plot is 80 million, and its market price is not more than 15 million. How will he sell his land? People want to buy it for 15 million, but the official cadastre price is 80 million, as determined by the authorities. But who has determined the price? You can understand a 10, 20, or even 30 percent price gap, but a four to five-fold increase is a bit over the top! Who did this? People will stop buying and selling anything; they will be afraid to pay exorbitant taxes.

As I see it, we have some positive information. The Smolensk Region is showing a favourable investment climate. As far as I know, this is an objective estimate. The region is creating jobs, and it boasts a good information website, the best, in my opinion.

There is progress with regard to the Far East, but I propose that we introduce a tax-free economy on Sakhalin Island. We can try it, and if it proves successful, we can extend it to the entire Far East and then Siberia. Step by step. Remember, Sakhalin is like a 'Utopia' island. We could build Communism within the limits of one island, which we would not be able to do on the scale of our big country. The same goes for new trends in the capitalist economy. The island is small. Its population is under 1 million if I am not mistaken. It is isolated. We could try a tax-exempt economy there. But all of the revenue must be invested in Sakhalin. I can assure you the outcome will be good. The island will attract more people. Many want to become millionaires fast but legally. Once it is a success, we can extend this ***plan***. Perhaps in 30 or 40 years, it will reach Kaliningrad.

The same applies to other aspects. I was very bothered by the fact that the regions with large debt to private banks were offered cheaper loans but refused to refinance. This is the first indication of a corrupt scheme. "Why are you keeping your region in debt chains? Here, pay it off, the new loan will be cheaper. You will pay off your debts faster." "No, I don't want to." It means the banker has direct links with the decision-makers. The authorities in the regions that refuse to refinance must be replaced as soon as possible and investigated by the Federal Security Service and prosecutors.

And last, fraud. Here is an example: a new Bryansk to Moscow flight. A promotion campaign offered the cheapest tickets for the destination. Local competitors such as the railway bought all the tickets. The planes were sold out but flew empty. Who benefits from this? Of course, passengers want to reach Moscow in 45 minutes. But no, they must ride a train for four hours. Somebody must investigate this.

Here is my advice. I am not saying that we should encourage 'fingering' or informants. But I think every ticket salesperson should inform their management and the deputy governor in charge of transport about "an organisation that buys all the tickets." Why on earth did you buy 200 tickets? Is your whole company taking a business trip to Moscow? It is just so easy to expose. Staff must inform their management and the management must inform the city officials about such 'surprises.'

Another example. A plane flies from Nizhny Novgorod to Nice. A private charter - no problem. Business people - no problem. But it is the city mayor's office and officials that are on the plane. Why are you flying to your holiday destination on somebody else's plane and on somebody else's money? These things get reported to us. If airport officials informed the governor about a group of public officers who did not buy their own tickets (meaning, the plane was paid for), it will be easier for us to expose these kinds of violations.

We are not forcing anyone to inform on others. This is about the recovery of our economy, discipline and preventing embezzlement and fraud. It requires improving law enforcement. Security comes before economy. If economy came before security I think there would be people who would take advantage and line their own pockets and the money would drain abroad.

I am finished now.

Vladimir Putin: Thank you.

Mr Mironov, please.

Chairman of A Just Russia party Sergei Mironov: Mr President, colleagues,

Today we are discussing a very important practical issue. Some very useful and practical proposals have been made by the head of the working group and two governors, and the heads of relevant ministries have spoken very clearly and in a business-like way about this crucial issue - the regions' investment attractiveness.

I would like to devote my short speech to four other concrete aspects of investment attractiveness that are of vital importance for many regions.

Speaking about the investment attractiveness of ***agricultural*** regions, I believe that our ***agricultural*** achievements allow us to do the following.

First, we should revive our selection system. It is unacceptable that we lack our own breeding animals and stock seeds. More specifically, 98 percent of hatching eggs are imported. The situation with ***agricultural*** sciences is improving, though very slowly. Selection and ***agricultural*** genetics are not just a business but a vital condition of the national food security.

Second, our regions, the Russian regions, are capable of ***producing*** large amounts of organic foods. As of now, only 5 percent on the global organic foods market come from Russia. A law on organic foods is being discussed in the Government. It is a very good law, which we really need, but its implementation requires serious investment.

I believe that the economic and social effect of this investment will be enormous. We have created a system of agrarian education, which we did not have before. It comprises 54 universities. I believe that the farms attached to these institutions must be able to receive state support, which is provided to the ***agricultural*** sector in general. Where there are people, there will be investment.

Third. A huge area, specifically, 57.7 million hectares are accounted for by Rosreestr (Federal Service for State Registration, Cadastre and Cartography) as belonging to ***agricultural*** ***producers*** you can't find. That is, its ownership is documented but the owners are nowhere to be found. Another 30 million hectares are not assigned to anyone at all. Imagine the area of Spain that belongs to 'dead souls' or Italy that is hanging in the air because nobody knows whose land it is.

Therefore, I believe it is necessary to enact into law the deadline after which such unclaimed farmland must be transferred into municipal property. We must also specify who has the priority for a discount price or gratuitous ownership to such land.

The second issue concerns the development of the northern territories. An area's investment appeal largely depends on its links with industries and production in other regions. Let us take the northern territories. Despite understanding the importance of production chains, the Arctic projects hardly ever involve the mainland production capacities - particularly, the southern Siberian regions.

Each territory seems to be isolated. Last year, a directory of Siberian companies' products and services for the Arctic projects was released. However, the majority of contractors and subcontractors are still foreign, often not for a good reason and despite our counter-sanctions. The development of the northern territories can ***produce*** a multiplier effect similar to that of the defence industry.

Another matter concerning the North is the remuneration policy. Due to a mess in the system of benefits and social protection for northern workers, which has continued since the mid-1990s, only 12 out of the 36 articles of the North law are actually in force. Russia's North has lost its former appeal as a source for earning good wages. As many as 1.6 million people have already fled the North. My belief is the North cannot and must not be developed by people working on a rotational basis. If the local population's income falls the people will leave and investors will not go there.

And the fourth subject is geological prospecting. Indeed, geological prospecting ranks among promising regional investment projects. The Accounts Chamber estimates that geologists have studied just 23 percent of Russia's territory to date. One is worried about the absence of the required number of implemented prospecting projects, the insufficient volume of geological and earlier-than-***planned*** geological and physical and geological survey works.

We have managed to make headway in providing information support for geological prospecting operations as well as to pass legislation simplifying access to geological information for all market players.

A state information system listing geological information about natural resources has been created. This is a highly important step for the establishment of a geological information market that exists in many countries.

However, regional geological policies are lacking, although the law on natural resources delegates specific powers to Russian regions.

I believe it is high time to seriously amend legislation on managing mineral deposits. First of all, we need to pass legislation that would regulate the powers of the executive branch for stockpiling ***strategic*** reserves of mineral resources.

Moreover, geological prospecting companies must be able to more easily access promising sectors from the unallocated fund. The pricing system for geological prospecting operations also needs to be upgraded.

Thank you.

Vladimir Putin: Thank you.

Mr Neverov, you have the floor.

Deputy Speaker of the State Duma and Head of the United Russia Party Duma faction Sergei Neverov: Thank you, Mr President. Colleagues, all previous speakers have dwelled upon the subject of today's meeting in sufficiently great detail. I'll make it very brief.

Many Russian regions continue to receive federal-budget subsidies. Of course, this factor influences overall economic growth rates because the country's well-being depends on the success of every region. Doubtless, there are leading regions that lead the way in terms of their popularity with investors.

Mr President, you have just noted this, and substantial attention is now being devoted to the regions of the Russian Far East that have a tremendous potential. But every region is unique, and I am confident that each of our 85 regions has a potential that needs to be unlocked and displayed.

The creation of an investor-friendly environment that would guarantee safe investment is an important aspect. And all of us realise that a favourable investment climate is a combination of the most diverse factors, and we have also discussed this issue today. This includes a stable tax system, legislation and regulations. And the business community must sense stability.

I want to say that the business community must sense stability, including political stability. And I would like to address my colleagues, leaders of parliamentary parties, to ask them to select regional leaders in a more responsible way because their current regional agenda sometimes negatively influences the investment climate.

This includes spreading rumours that any specific regional governor will resign soon. Various media outlets publish these stories all the time, and the situation is being constantly incited. And, of course, investors are not attracted by these loud and frenzied statements which sometimes aim to boost media ratings.

I am confident that we need to prioritise the region's interests and its future, rather than time-serving political ambitions. The region's prospective long-term investors are deterred by the lack of confidence in the positions of incumbent regional leaders and by the apprehensions of those who invested under the current leadership.

I am not talking about only one agenda. Each of us has a right to express his or her opinion on various methods for building a rich and prosperous Russia. But we must do our best to avoid actions capable of destabilising society and, as I have already said, making it possible to implement one's own personal time-serving political interests. In this context, substantial responsibility rests with representatives of political and parliamentary parties.

I would like to say that current national challenges must unite us, despite our political views because national interests are more important than party interests.

Happy New Year, everyone!

Vladimir Putin: Thank you. Mr Titov, you have the floor.

Presidential Commissioner for Entrepreneurs' Rights Boris Titov: Thank you very much, Mr President.

In his report, Mr Nikitin spoke about the shadow economy, or, as we say now, the "garage" economy and called for increasing liability, in particular, for illegal business activities according to Article 171 of the Criminal Code. The problem is huge indeed. According to our institute's estimates, trade in the shadow sector is worth 33.6 trillion rubles, or 39 percent of the GDP, which speaks volumes about our economy.

Of course, we should demand full compliance with the law, but we must realise that in most cases legalisation is fraught with many risks for small businesses. First of all, it is fraught with losses, because it is unprofitable to work while paying all the taxes, and, of course, administrative and even criminal pressure.

The Stolypin Institute for the Economy of Growth has drafted a ***programme***, because it should be a comprehensive ***programme***, which, on one hand, creates incentives for entering the legal sphere, and on the other, increases liability if it is not done. The general direction is clear, and we should only strengthen separate measures.

For example, we should set the simplest, most comfortable and profitable terms for the smallest, micro business, or as we say, individual entrepreneurs with no right to employ. We have been talking about it for a long time, but I would like to repeat that it would be a serious step in legalising businesses.

Also, of course, the main problem for the small shadow businesses is to gain access to money, resources and loans. For them, for the shadow businesses, money is very expensive. So, if we can give them some proposals on [creating] a special fund similar to the Industrial Development Fund, with rates at five percent for five years, this might very much interest them in entering the legal sphere.

Industrial infrastructure, which Mr Oreshkin talked about, is very important, but, unfortunately, we have already created enough of it, and it is very expensive for many people. I mean we should create more business-friendly and cheaper infrastructure for "garage" businesses, to make them come out.

And the main thing I would like to say: we should give them time. With all these conditions, which we, of course, should set clearly and correctly, we will give them a chance to become legal and free themselves from the liability they might face in connection with their past. This concerns several articles. In particular, Article 171, illegal business activities, but also several articles of the Administrative Offences Code.

If we give them time, if they come out and work legally, they will not be responsible for the past. But if they commit another violation or do something wrong again, that is when they must bear full responsibility according to the criminal and administrative legislation.

One more thing I wanted to say. Mr President, we are talking about the fact that the poverty rate in our country is very high. 20 million, you said. But in fact, this shadow economy hides among these 20 million. We have 15 million people who do not pay taxes at all; we see no income. So, statistically, people who are not really poor are often included in this figure. Thank you.

Vladimir Region Governor Svetlana Orlova: Mr President, may I?

Vladimir Putin: Yes, go ahead.

Svetlana Orlova: Mr President, colleagues,

The matter that the State Council is discussing today (I believe, everyone would agree) is of great importance. Mr President, I would like to say that both the Russian Government and Dmitry Kozak's Commission conducted a very meticulous piece of work. We held many meetings, had our disagreements, but now have reached common ground, which must be mandatory for all of us. Regarding the replacement of business loans. Each region had its own results of addressing this subject, some regions have debts, some do not. In any case, there are certain things that stimulate an investment climate today.

For example, I would ask for those 20 billion rubles allocated for socioeconomic development of the regions - this year there were not 20, but 40 regions, Mr President. The regions were given an incentive, and the Ministry of Finance, the Ministry of Economic Development, and Mr Kozak as well, developed such a scrupulous approach. And then there was not enough for northern regions, but our colleagues reached an agreement and revised everything. Our budget was cut a little, but this served as a very good incentive. We allocated most of the funds, Mr President, to address social needs.

Regarding the attraction of investments. Let me give you an example. Six months ago, we presented the Leningrad Region and Karachayevo-Circassia before the Council of Europe. The presentation of our regions, our territories was done brilliantly; all of us already have ***planning*** offices, thanks to the Agency for ***Strategic*** Initiatives, Industrial Development Fund, SME Corporation, and the export centre, too. Mr President, today our export centre is conducting a great deal of work to promote our products. Two years ago we used to export to 90 countries, but today our rather small Vladimir Region is exporting to 110 countries. Many other regions are also developing, as you already mentioned.

What should we also mention? Well, Mr President, on December 21, we commissioned a new factory. So, I am reporting: it is ***producing*** the first NGV-fuelled buses in Russia; everything is automated. We are now to close a special investment contract, the Ministry of Industry and Trade is supporting us, we have leasing funds. I know that Tatarstan is making progress in addressing this matter, too. We have 3.6 billion, Mr Zhirinovsky, I'm responding to your question, these are the funds of a Russian investor, and we have a lot of Russian investors in the region already.

But if we switch to buses manufactured in our own country, to Russian fire engines, tourist vehicles, vehicles for medical staff, what kind of money are we going to save? That is right: budget money. And we have to admit, Mr President, despite the complicated situation with guaranteeing suppliers, with provision of gas, water and heat supply, the Energy Ministry and the prosecutor's office helped us, and you too, Mr President, and we solved a number of issues.

In general, Mr President, I would like to say that our investments have not decreased. The ASI ranks us in 15th place in terms of investment, even though we have no oil or gas. Over the past five years, we transferred 12 billion rubles to the budget. It is thanks to you and to all our colleagues that we have put the issue of financial stability and investment at the top of the agenda.

I wish everyone the best of luck, love, harmony and health.

Vladimir Putin: Thank you.

Ms Golikova, will you speak about love as well?

Accounts Chamber Chairperson Tatyana Golikova: Yes, I will speak about love of finance.

Mr President, colleagues,

I would like to speak about a matter that has not been touched upon today, although it is very important for balancing regional budgets, on the one hand, and for the investment climate, an issue on our agenda today, on the other hand.

As of now, the distribution of financial assistance is not based on the regions' budgets but on the consolidated budgets of constituent entities, which means that we also take into account the municipalities that comprise constituent entities.

The debt restructuring measures we are taking now concern the public-sector debts of constituent entities but not the debts of municipalities, whose finances fall within the exclusive competence of the regions.

Unlike the regions' public debts as of December 1, which is the most recent data, where the share of commercial loans has decreased to 27.4 percent - we hope that this share will continue to decrease - the municipalities' debts are quite another matter. Although they are smaller overall, only 343 billion rubles, the share of commercial loans is much larger, 63 percent.

Regrettably, some regions have no commercial debts, but the municipalities they incorporate do have them, and these debts are quite large.

Vladimir Putin: Are you referring to the debts of municipal organisations and various regional publicly-funded institutions?

Tatyana Golikova: Yes, I am. Regrettably, the authorities either did not get around to this problem, or it does not fall within the federal competence but concerns a different level of public authority as per the Constitution. And it is probably more difficult to deal with this problem at this level than if it fell within the federal competence.

In this connection, I would like to bring your attention to yet another matter, which we are not discussing, however, it is glaringly obvious and it has to do with efforts to balance the regions' overall consolidated budgets.

Since the delineation of authority reform, we have delegated 113 areas of responsibility, which fell within the terms of reference of the Russian Federation, to the regions. For this purpose, 1.5 trillion rubles were allocated from the federal budget in 2012-2016. This is quite a sum. What I want to say is that given financial constraints, some regions in the Russian Federation have devolved the delegated responsibility down to municipal entities.

Today, work is being carried out at the federal level to oversee, so to say, how regions are exercising the delegated authority, however, nothing is being done to analyse this work. As of January 1, 2017, since the annual figures for 2017 are unavailable as yet, 7,429 local government bodies as well as other organisations exercised authority delegated to them by their regions.

I would like to remind you that we have mainly delegated authority related to, among other things, social security and the provision of social services. Regarding what you just said, that they also started running up credit debts, the reason for this is the same, that is, an unbalanced budget policy but this time at the municipal level. It seems to me that it is crucially important to establish a liaison between the federal government, regional authorities and municipal entities, although we are aware of all the difficulties associated with this, as we now have 85 regions and nearly 22,000 municipal entities. Of course, it is extremely difficult to administer this work, nonetheless these matters may move to the forefront as the regions settle their debts to the federal government and additional funds are made available to them. This should be given special attention. Thank you.

Vladimir Putin: Thank you.

Mr Kondratyev, please, go ahead and then we better wind this gathering up.

Krasnodar Territory Governor Veniamin Kondratyev: Thank you.

Mr President,

Indeed, the investment climate depends on the local governments in the Russian Federation constituent entities, self-government bodies. But, Mr President, here we need your support. In what sense? Mr Nikitin already said that certainly the natural state monopolies such as enterprises, or power or utility providers also have a serious impact on the investment climate. Sometimes, the connection time as well as the limits make a real difference to us.

Another, significant aspect - the local federal ministries and agencies. They also contribute to the investment climate. I have a request to make: could you include the work of the federal natural monopolies and the regional power and utility providers, and local ministries and agencies in the rating compiled by the ASI. This is of primary importance to us. Then we will at least be working on a parity basis. Otherwise, we are trying and doing our best, but there is a problem, which is not always obvious, but it is sometimes of crucial importance. And here, not only me, we ask for your support.

Vladimir Putin: Thank you. That was a good and useful proposal.

Mr Medvedev, over to you.

Prime Minister Dmitry Medvedev: Thank you, Mr President.

I've got three bits of feedback to what we heard here. Mr President talked about the need to work on a strategy of long-term multi-dimensional development through to 2025. It is nearly ready and will be considered soon at a Government Cabinet meeting and made public.

As for the problem of numerous decisions that have to be coordinated through the Russian Ministry of Natural Resources and the Ministry of Culture, we are aware of this. I have given instructions and we must study this matter and maybe abolish the need for coordination on non-essential things because it does undermine the investment climate development efforts.

And finally, somebody mentioned the property tax here. We could consider the future of this tax in the context of improving the tax legislation, which is in our ***plans*** following the President's instructions.

Vladimir Putin: Thank you very much.

I will make a few comments as well and then say a few words at close of the meeting too.

First of all, I agree with what Mr Kondratyev said. Indeed, much depends on the efficiency of the work concerning the natural monopolies in the territories, where their enterprises are located plus how efficiently the local federal agency bodies work. To a certain degree, this is a restriction in the regional teams' activities. This is absolutely true. And I would like to ask you to consider this while developing a general assessment of what is really happening in the regions.

This is as true as what Ms Golikova has just pointed out. We don't take into account the debt of the regional budget-funded institutions while it poses a growing problem for the municipal entities. I would like everyone, heads of the corresponding departments and, of course, our colleagues in the Russian regions, to pay attention to this as well.

As regards natural gas vehicle (NGV) fuel, this is certainly a very important direction. Gazprom has started to switch its transport to NGV fuel, and this immediately resulted in the company drivers' massively leaving their jobs as they no longer can get their hands on this fuel by syphoning it off. And what about the army? What is occurring in the Defence Ministry as a whole and other agencies? I think any comment here is superfluous.

Secondly, NGV fuel is certainly more eco-friendly. We have great competitive advantages in this regard as we have an abundance of this type of fuel. And selling oil and oil products on foreign markets is even more profitable then selling natural gas.

NGV fuel can be used domestically to a great economic effect and this will create absolute competitive advantages for the national economy as a whole. This is why further efforts should be taken to support the development in this field both at the government and regional levels. I would like to point out that this is very important.

Now step by step. About the "grey" economy. Boris Titov said that we have, according to their data, about 39 percent of the GRP. You know, there's nothing strange about that. In some European countries, it is 40 percent. I heard it from their leaders. That's what they said. I mean the situation is not unique for Russia, but bad. We must do better than them, and for this we must get rid of this "grey" zone.

I agree that to get rid of it we must not use repressive measures only, making it work its way into the "white" zone; we must create conditions. This depends on the Government, but also on what is going on in the Russian regions.

In fact, this is what we are trying to do. Let's say, in resolving the matter of capital amnesty, we create conditions for people to incur no expenses when deciding to transfer their business or capital to Russia, and we have additional proposals in this area.

And inside the country too, the decisions, let's say, which were taken concerning individual entrepreneurs, are also based on the same principles: to introduce a grace period and to save people from possible damage or persecution, God forbid. This is how it works. But, of course, we should expand this practice.

Now about the Central Bank's recommendations or instructions to commercial banks on easy-term lending to the Russian regions. I do not know how it is possible, but this is what I would like to point out. We have already talked with the Central Bank's Governor.

What is happening here? Commercial banks give any loans to the regions at rather high interest rates, but it is not clear why the rates are high, and not clear why they extend these loans so freely, even if the region is going through a difficult financial situation. But it is unclear only at first sight, while in reality, everything is clear and can be easily explained: because the state gives guarantees. They are practically giving away loans with a state guarantee.

And here, of course, we should take measures to stimulate accounting when extending loans to the regions with guarantees provided by the state, on one hand; and on the other hand, we should examine some limitations we could introduce in this regard, because a commercial bank will not give money to its customers for no reason whatsoever. It always analyses the financial and economic situation of the company. This is not somehow taken into account when we finance the regions.

I have already asked the Central Bank and the Finance Ministry to think about it and I am now asking them to make proposals.

And now, I would like to say a few words about what, I think, the Moscow Region Governor's said - the creation of priority development areas all over the country. We have already established these areas. Theoretically speaking, this idea is good in itself. These areas are good, and they have won a reputation for themselves. In reality, we can see that they are developing successfully.

But we did this to improve the investment climate in the regions which we need to develop, in the first place. First of all, this concerns the Russian Far East. If we spread these privileges to the entire Russian territory and economy, then what advantages would be retained by high-priority areas on which we are focusing? These areas would simply disappear. In that case, we would have to stipulate some other privileges for them.

Mr Zhirinovsky has suggested exempting Sakhalin from all taxes. I would simply like to tell everyone that the Sakhalin Region ranks among the best regions in terms of its economic results and financial performance. In effect, the region is faring much better than most Russian regions. Local authorities collect substantial tax proceeds, and regional companies develop rather intensively. As you know, this includes energy companies. If exempted from taxes, the region might turn into a tax haven.

But chances are that the entire Russian economy would immediately reregister in that tax zone. However, these ideas have some common sense, and all we should do is focus on their implementation.

Various federal departments voice excessive demands to regional agencies. We need to eliminate this practice, including the number of wall clocks and mirrors that these agencies should have. It is good that they are not telling officials about the colour of their pants and other underwear they should choose. This is already funny. And, of course (Mr Medvedev has noted this), we need to pay attention to this, and this excessive regimentation of all aspects is pointless and harmful.

We have talked about the growing network of unitary enterprises today. Some of our colleagues have said this. I fully agree with them that it is a dangerous trend both at the federal and the local levels. The growth of these enterprises will create a situation where they will take over the powers of the authorities. Instead of doing their duty for the people by developing the economy, the authorities transfer budgetary funds to these enterprises and eventually lose control of their administration.

In addition, these enterprises receive certain benefits, which destroys competition and increases costs. We all know the perils of delivering a deadly blow at competition. It means no investment in other companies. Indeed, why invest when new unitary enterprises will be created to take over the market? Why invest in creating new production facilities or encourage production? Completely useless. This is what we need to eliminate. I want you to take this into account. We have already discussed this matter with the Government. I urge the regional heads to monitor this situation.

As for labour efficiency, I'm glad Mr Zyuganov has raised this issue. Of course, it is a vital component of economic development. Of course, it can be said, or rather, we must admit that we have not reached our targets here.

During a recent meeting with the Economic Development Minister, we pointed out that labour efficiency decreases as GDP declines, because it falls in those sectors where it was expected to grow predominantly. Now that the Russian economy is recuperating and has entered a period of growth, and these trends are growing stronger, we need to seriously consider a way to enhance labour efficiency, which is a key issue of economic development.

By the way, I would like to say it again, although we have said this more than once: the growth of wages and real incomes must be based above all on the growth of labour efficiency.

Wed talked about ***agriculture*** and the harvest today. The harvest is very good. We should congratulate our farmers on this. It is their achievement and their result.

What should we point out in this connection? The harvest is record high, but what are the grain prices? I can understand the decisions on grain ***intervention*** and the like. But we also have other instruments for supporting our farmers, and now is the time to put them to use. Or we should use grain ***interventions*** but at the same time support ***agricultural*** ***producers***, so that the results of their hard work will not create new economic problems.

As for why young people do not choose engineering professions at universities. They already do. There has been a significant increase in the number of applicants to engineering or technical universities. This is very good news.

Surely, a special focus must be placed on working with staff for the training of quality specialists in the labour and technical professions. This is important. We must support this network in the regions and bring it closer to industrial centres and new industrial enterprises.

We have discussed this many times, what needs to be done to achieve that and what we need to focus on. I will not elaborate on this now. I just want to stress the importance of this in our work.

As regards enlarging the regions. True, from an economic viewpoint, this is often expedient. First, we have the Constitution and the necessary laws. We cannot and will not impose this without asking. Second, we have had an enlargement of regions in our history. In Soviet times, you know, Lenin's idea on how the Soviet Union should be created got through.

In fact, large and strong super regions were created in the Russia of those times. It does not matter what its name was back then, it was the Soviet Union, the fact is that large regions were created. Moreover, they were granted the right of exit, which was fixed in the 1924 Constitution. And later, all this moved from one constitution to another. The result is well-known: the breakup of the Soviet Union.

True, there were many other reasons, but this bomb also took its toll. Therefore, we must, together with the Federal Assembly deputies, consider both the pluses and the risks and make optimal decisions, but we must be very careful in addressing such matters.

Now a few words about the north. I will not go into details. Indeed, the work is the north has become largely unattractive. This is true. In Soviet times some incentives were created, but this was done in the framework of the ***planned*** economy when everything belonged to the state. Now it is not possible to create the same conditions with the old methods in the new economic reality. Building new cities beyond the polar circle...

As you know, the ecology system is changing and the climate is changing. What shall we do with the many towns and villages that we built on permafrost? Many cities are built on piles. They are driven into a permafrost that is melting. This is the first point.

Second, is it worth building new housing, new cities and permanent structures in the Extreme North and moving people there? Maybe, in some cases this makes sense. Maybe.

As you know, we have now started organising the Northern Sea Route, this transport corridor. We are doing this in a comprehensive way, ensuring security and protecting nature, bearing in mind that we are increasing economic activity in these hard-to-access northern regions that are very sensitive to any interference in nature. But I assure you that sometimes this rotating scheme is much more efficient than an investment of billions and maybe hundreds of billions of rubles in major construction work.

Here is a good example of regional development - the well-known Yamal LNG project. People are working on a rotating basis and earning good money. They are working in good conditions - these conditions are really very good. Maybe they could be better and they will improve them further but they are quite decent. Gazprom has many examples like this. Other companies have them too, so we should look at this on a case-by-case basis.

And finally, I must agree with one of the last speakers and would like to ask you to support what has been said. To make investment conditions reliable and attractive we need a stable tax policy, different administrative and legal procedures and political stability. Without these there will be no investment.

Who will invest in a region or a country if nobody knows what will happen there tomorrow? So, we do need changes and some progress. But all this should take place in a calm atmosphere via evolution whereby each step forward will be predictable.

Thank you very much. Happy New Year to you!

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[***Washington: EXECUTIVE CALENDAR--Continued***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RGP-TH91-JDG9-Y1HN-00000-00&context=1516831)

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**Body**

Washington: The Library of Congress, The Government Washington: of USA has issued the following house proceeding:

 The PRESIDING OFFICER. The Senator from Massachusetts. Ms. WARREN. Mr. President, I ask to be recognized to speak in opposition to Governor Powell's nomination to serve as Chair of the Federal Reserve Bank. The PRESIDING OFFICER. The Senator is recognized. Ms. WARREN. Mr. President, I am concerned that as Chair of the Fed, Governor Powell will roll back critical rules that help guard against another financial crisis, and that is simply a risk we cannot afford.

While big banks have bounced back from the 2008 financial crisis and are posting record profits, many American families are still trying to rebuild their lives 10 years later. Yet Governor Powell seems to think that the No. 1 problem with our current financial system is that we are too hard on the banks. In his confirmation hearing, he said that he would ``continue to consider appropriate ways to ease regulatory burdens.'' When I asked him if there were a single financial rule he thought should be stronger--just a single provision in one of the Fed's dozens of rules where there might be an unintended loophole or where an innovative product has introduced a new risk into the system--he couldn't name a single one. Not one. In my questions for the record, I also asked Governor Powell about a report that the Treasury Department put out last June. This report was really just a cut-and-paste job of the banking lobbyists' wish lists for rule rollbacks. Governor Powell could not identify any recommendations in that report that he disagreed with. Again, not a single one. That is not all. At Governor Powell's confirmation hearing, when my Republican colleague Senator Kennedy asked him about whether there are any institutions today that are too big to fail, Governor Powell said: ``I would say no to that.'' Governor Powell expanded on that statement in his answers to my written questions, saying that ``we have made enough progress that the failure of one of our most systemically important financial institutions, while undoubtedly posing a severe shock to the economy, could more likely than not be resolved without critically undermining the financial stability of the United States.'' First of all, that is an incredibly narrow definition of what too big to fail means. But second of all, and more importantly, Governor Powell's view is out of step with the mainstream of serious experts. Giant institutions still have the ability to blow up our economy, and that is the biggest problem facing the Fed and other regulators. I am deeply concerned that as soon as Governor Powell unpacks his boxes in the Chairman's office, he will begin weakening the new rules that Congress and the Fed had put in place after the 2008 financial crisis, and he will have help. Right down the hall will be his close friend, Randal Quarles, the Fed's new Vice Chair for Supervision. Governor Powell told me when we met that he intended to rely a lot on Vice Chair Quarles on regulatory issues. That is a really dangerous prospect. Before coming to the Fed, Vice Chair Quarles spent more than a decade in private equity, where he made his mark arguing for weaker rules on big banks--and he has gotten a running start now that he is in the Fed. In a speech a few weeks ago at his old private equity firm, Quarles announced that he was working on reducing capital standards for Wall Street banks, weakening the Volcker rule, and making stress tests easier for big banks to pass. In other words, he has already set up his to-do list to gut measures put in place after the financial crisis that are there to try to keep our economy safer. So Governor Powell says that he will take his cues from a guy who wants to get rid of as many rules as he can and take the teeth out of the rules that he can't. No thank you. That will make American families less safe. It will make the American economy less safe. To make matters worse, Powell's gifts to the giant banks will come at a time when banks of all sizes made gigantic profits last year and got giant tax giveaways in the bill that was passed in December. Good grief, when will enough be enough for these guys? But even with the banks rolling in money, the army of lobbyists and executives have come back, storming Capitol Hill and the halls of the Fed, spinning a story that financial rules are throttling them and need to be cut back. We need a Fed Chair who can stand up to Wall Street and think about the needs of working families in this country. We need someone who believes in the toughest rules for banks, not in weaker rules for banks. That person is not Governor Powell. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The senior assistant legislative clerk proceeded to call the roll. Mr. THUNE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. THUNE. Mr. President, I ask unanimous consent that notwithstanding rule XXII, the Senate vote on the motion to invoke cloture on the Powell nomination. The PRESIDING OFFICER. Without objection, it is so ordered. Cloture Motion Pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state. The assistant bill clerk read as follows: Cloture Motion We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby [[Page S448]] move to bring to a close debate on the nomination of Jerome H. Powell, of Maryland, to be Chairman of the Board of Governors of the Federal Reserve System for a term of four years. Mitch McConnell, John Boozman, Jerry Moran, Marco Rubio, Deb Fischer, John Barrasso, Richard Burr, Ben Sasse, Richard C. Shelby, Cory Gardner, Mike Crapo, James E. Risch, Shelley Moore Capito, John Hoeven, Dan Sullivan, Rob Portman, John Thune. The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call is waived. The question is, Is it the sense of the Senate that debate on the nomination of Jerome H. Powell, of Maryland, to be Chairman of the Board of Governors of the Federal Reserve System, shall be brought to a close? The yeas and nays are mandatory under the rule. The clerk will call the roll. The senior assistant legislative clerk called the roll. Mr. CORNYN. The following Senators are necessarily absent: the Senator from Tennessee (Mr. Corker), the Senator from Arizona (Mr. McCain), the Senator from South Carolina (Mr. Scott), and the Senator from North Carolina (Mr. Tillis). The PRESIDING OFFICER (Mr. Hoeven). Are there any other Senators in the Chamber desiring to vote? The yeas and nays resulted--yeas 84, nays 12, as follows: [Rollcall Vote No. 18 Ex.] YEAS--84 Alexander Baldwin Barrasso Bennet Blunt Boozman Brown Burr Cantwell Capito Cardin Carper Casey Cassidy Cochran Collins Coons Cornyn Cortez Masto Cotton Crapo Daines Donnelly Duckworth Durbin Enzi Ernst Fischer Flake Gardner Graham Grassley Hassan Hatch Heinrich Heitkamp Heller Hirono Hoeven Inhofe Isakson Johnson Jones Kaine Kennedy King Klobuchar Lankford Leahy Manchin McCaskill McConnell Menendez Moran Murkowski Murphy Murray Nelson Perdue Peters Portman Reed Risch Roberts Rounds Rubio Sasse Schatz Schumer Shaheen Shelby Smith Stabenow Sullivan Tester Thune Toomey Udall Van Hollen Warner Whitehouse Wicker Wyden Young NAYS--12 Blumenthal Booker Cruz Feinstein Gillibrand Harris Lee Markey Merkley Paul Sanders Warren NOT VOTING--4 Corker McCain Scott Tillis The PRESIDING OFFICER. On this vote, the yeas are 84, the nays are 12. The motion is agreed to. The senior Senator from the State of South Dakota. Order of Procedure Mr. THUNE. Mr. President, I ask unanimous consent that notwithstanding rule XXII, at 5 p.m , all postcloture time be considered expired and the Senate vote on confirmation of the Powell nomination; that if confirmed, the motion to reconsider be considered made and laid upon the table, the President be immediately notified of the Senate's action, and the Senate then vote on the motion to invoke cloture on the Azar nomination. The PRESIDING OFFICER. Without objection, it is so ordered. Funding the Government and Tax Reform Mr. THUNE. Mr. President, I am glad that Democrats decided that they needed to reopen the government. The political theater they engaged in over the weekend endangered funding for our military, threatened the future of the Children's Health Insurance ***Program***, and created uncertainty about important government services, from ***programs*** for veterans, to worker and product safety, to public health. And for what? For politics. Democrats were feeling pressure from certain interest groups within their party, and so they decided to use the government funding bill to take a stand on an unrelated illegal immigration issue. It didn't matter that Republicans had already expressed an interest in working on an immigration bill with Democrats or that the deadline for such a bill was not imminent. No, Democrats weren't getting the bill that they and their interest groups wanted, when they wanted it, so they decided to jeopardize the operation of the entire government. Unfortunately, obstructing for political reasons has been the Democrats' modus operandi so far this Congress. Democrats were supposedly fervent advocates of extending the Children's Health Insurance ***Program***, but they chose to obstruct the substantial 6-year extension of CHIP included in the government funding bill because they wanted to make a political point. On Presidential nominees, they have obstructed and obstructed again, even when they ***planned*** to eventually support the nominee. And of course I don't need to remind anyone of Democrats' refusal to accept Republicans' offer to work together on tax reform--this, of course, despite the fact that Democrats had previously called for tax reform and supported many of the proposals that were included in the law. Obviously, there are going to be disagreements in politics, sometimes very serious ones. Sometimes opposing legislation is absolutely the right thing to do, but opposing legislation because you have a serious disagreement with it and opposing legislation for political reasons are two very different things. But unfortunately, since their defeat in the 2016 elections, Democrats have spent a lot of time doing the latter. That is irresponsible, it is shortsighted, and it is a disservice to their constituents. Democrats are missing the chance to help deliver major benefits for the American people. That tax reform legislation Democrats fiercely decried despite their previous support for many of the included proposals, well, that legislation, which has been the law of the land for barely a month, is already delivering big benefits for the American people. More than 200 companies have announced wage hikes, 401(k) increases, and/or bonuses. The Nation's largest private employer, Walmart, announced an increase in its starting wage for hourly employees and bonuses for eligible employees. It also announced expanded maternity and parental leave benefits and the creation of a new adoption benefit for their employees. More than 1 million Walmart employees will benefit from the changes. Tech giant Apple announced last week that thanks to tax reform, it will bring home almost $250 billion in cash that it has been keeping overseas and invest it here in the United States. It also announced that it will create 20,000 new jobs and provide $2,500 stock bonuses to employees. The list goes on--better retirement benefits at Aflac; increased capital investment and bonuses at AT&T; bonuses at PNC; increased investment in infrastructure and facilities at Boeing; a hike in starting wages at Capital One; new jobs, bonuses, and investment from Fiat Chrysler; bonuses at Southwest, JetBlue, and American Airlines; better retirement benefits at Visa; and the list goes on and on. There are the utility companies that are seeking approval from the regulators to pass savings on to consumers. These benefits are going to make a real difference in families' lives this year and, in some cases, well into the future. The main benefits of tax reform are still to come. The IRS has released the new withholding tables for the tax law, and Americans should start seeing the results in February. Thanks to lower income tax rates and the near doubling of the standard deduction, 90 percent of American workers should see bigger paychecks starting next month. On top of that, the doubling of the child tax credit will mean even greater tax relief for hard-working parents, and that is just the beginning. One major goal of tax reform was to provide immediate, direct relief to hard-working Americans, and that is happening right now. But our other goal was to create the kind of robust, long-term economic growth that would provide long-term security for American families. That is already starting with the wave of wage increases and bonuses, but there is a lot more to come. As businesses large and small experience the benefits of tax reform, American workers will see increased access to the kinds of jobs, wages, and opportunities that will secure their American dream for the long term. I am proud that we passed tax reform, and I am very excited about the benefits that it is already delivering for American families and American [[Page S449]] workers. We have a lot more to accomplish this year, from improving our Nation's infrastructure to strengthening our military, to border security. I hope yesterday's vote to end the shutdown is a sign that the Democrats are ready to stop obstructing. We can get a lot more done for the American people when we are working together. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. BROWN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. BROWN. Mr. President, today, we consider the nomination of Federal Reserve Board Governor Jerome Powell to be Chair of the Board of Governors of the Federal Reserve System, one of the most important jobs in our government. The Federal Reserve System is the central bank of the United States. It is responsible for monetary policy, ensuring the stability of the financial system and the safety and soundness of our banks. The Federal Reserve in Washington, DC, also has 12 regions or districts around the country. One of them is located in my hometown of Cleveland. Governor Powell has been a member of the Federal Reserve Board since 2012. He supported important principles of monetary policy and critical elements of financial regulation. His track record over the past 6 years shows that he is a thoughtful policymaker. As the Chair of the Board of Governors, he would lead the Federal Open Market Committee within the Federal Reserve. Governor Powell supports the statutory dual monetary policy goals of maximum employment and price stability--the cornerstones of a well-functioning economy. Senator Crapo, who is joining me today, is chairman of the committee. We listened to testimony today about the nomination of another Fed Governor--not the highest position, as the Chairman of the Federal Reserve, but a Federal Reserve Governor--Mr. Goodfriend. The answers we elicited from him seemed to be, from my interpretation, that it was not clear that he has the same belief and respect for the dual mandate. The dual mandate, unlike what the Europeans do, is especially important for workers in this country. In Europe, the only charge of the central bank is to keep inflation down. In our country, the Federal Reserve, what we call our central bank, has two jobs equally balanced--the dual policy-- and that is to keep inflation down and to keep employment up. They are maximum employment and price stability, the cornerstones of a well- functioning economy. To advance those policy goals, Governor Powell supports the Federal Reserve's current path of gradual increases in interest rates. He believes they should continue. At the same time, Governor Powell recognizes the importance of an independent Federal Reserve. That is very important. I don't want Members of Congress--with our prejudices, biases, and political ideologies--to influence or to compromise the independence of the Federal Reserve. Governor Powell recognizes that independence. He is committed to following an example of prior Federal Reserve Chairs by doing the job without a view to political outcomes. Governor Powell played a significant role in implementing crucial reforms under Dodd-Frank. He understands the importance of the rules for stress tests, capital standards, and resolution ***planning***. We need the Federal Reserve to make sure that those rules are applied thoroughly and consistently so that gaps or failures don't create larger risks through the financial system. We know that too many people in this body seem to have a collective amnesia about what happened 10 years ago. It is up to us to remind Governor Powell, and it is up to him to remember what happened 10 years ago and to learn from it. As Chair, Governor Powell is responsible for making sure the Fed fulfills its consumer protection role. Americans work hard to make ends meet. They shouldn't have to struggle with unfair and abusive practices by financial institutions. The Trump administration is engaged in an effort to undermine important financial system protections and reforms put in place in the wake of the great recession. Governor Powell has seen the developments in the safety and stability of our banks during his time at the Fed. I expect him to maintain and to improve those standards. Ohioans, still recovering from the last financial crisis, can't afford the consequences of another financial crisis. I know Governor Powell wants the Fed to play a part in the success of the economy and American families. I call on him to continue the Federal Reserve's measured path for monetary policy and to support the strong regulations he helped put in place. For some people, it is easy to forget how much damage was done by this lack of strong oversight of our financial system, especially during the last 4 years of the Bush administration, where millions lost their homes. I know Chairman Crapo and I have talked about this. The 44105 ZIP Code that my wife Connie and I live in, in Cleveland, in the first half of 2007, we had more foreclosures in that ZIP Code than any ZIP Code in the United States. Think of what it does to people's lives. Think of what it does to our families. Millions of people lost homes, millions lost jobs, millions lost much of their life savings. For the wealthiest Americans, the nearly 9 years of gains in the stock market makes the crash of a decade ago a distant memory, but for the vast majority of Americans who have little in direct holdings in the stock market and not too much in other areas either, their wages have been flat, and many still have not recovered from the crisis. The Fed's latest survey of household wealth indicates--get this--44 percent of Americans can't cover an emergency expense of $400. Forty- four percent of Americans can't cover an emergency expense of $400 without selling something or borrowing. For some, if their car breaks down, and they need $400 to fix their car to get to work, they have to go to a payday lender, and then their trouble starts. Then they have to go get a second payday loan and then a third payday loan. Income inequality is the worst since the 1920s. The racial wealth gap is enormous. The median Black household has only $11,000 to its name, one-twelfth of its White counterpart. The Fed can't solve all of our problems, but it can make them worse. Right now, the Fed seems puzzled by why low unemployment is not ***producing*** more inflation. Perhaps it is because more Americans are struggling paycheck to paycheck. They can't bid up the price of goods until they get out of debt. Yet even in the face of continued low inflation, there are those pushing for rate increases to give bondholders better returns. Others want to go back to some of the same banking practices that brought about the financial crisis. The independence of the Fed is critical but only if it is used to make decisions based on data and experience, not ideology. That is exactly what Ben Bernanke and Janet Yellen did over the past decade in helping to guide the Nation to one of the longest lasting recoveries in our history. Go back to the year 2010. We know when President Obama took office, we were losing 800,000 jobs per month in this country--700,000 the second month--hundreds of thousands, millions of jobs at the beginning of his administration. Starting in 2010, in large part because of the auto rescue and other things, our economy began to turn around. Since 2010, we have had job growth in every single quarter--every single quarter--since the auto rescue. President Trump loves to take credit for the job growth month after month. The fact is, it was launched early in the Obama years, and we have been able to sustain it--not economic growth to the level we want, not job growth to the level we want, certainly not pay increases to the level we want but something. I hope Governor Powell will uphold that tradition that Chairman Bernanke and Chairwoman Yellen began. I ***plan*** to support Governor Powell's nomination. I urge my colleagues to do the same. The PRESIDING OFFICER. The Senator from Idaho. Mr. CRAPO. Mr. President, I, too, rise in support of the nomination of the [[Page S450]] Honorable Jerome, or ``Jay,'' Powell to be the Chairman of the Board of Governors of the Federal Reserve System. I appreciate this opportunity to immediately follow my colleague Senator Brown, as he and I serve together in leading the Banking Committee on critical issues like this. Senator Brown has very well described a number of the critical aspects of what this nomination means to America. I don't think there is any overstating the importance of this nomination--one of the very few most important nominations any President gets to make. The Federal Reserve Chairman plays a critical role in shaping the U.S and global economic landscape as well as the regulations affecting financial institutions and markets. If confirmed to this position, Governor Powell would be central to ensuring a safe and sound financial system while also supporting a vibrant, growing economy. He will play a key role in right-sizing Federal regulations and alleviating unnecessary burdens, a stated goal of the Federal Reserve. He would also Chair the Federal Open Market Committee, the body charged with making key decisions for the Nation's monetary policy. Governor Powell has a unique background, which will help him lead the Federal Reserve. He has demonstrated his understanding of the markets and regulations during his tenure over the past 5 years at the Federal Reserve. Most recently, he has served as Chairman of the Fed's Committee on Supervision and Regulation, a highly important and impactful position. Governor Powell previously served as Assistant Secretary and Under Secretary of the Treasury under President George H.W Bush, where he was responsible for policy affecting financial institutions, the Treasury market, and other critical areas of our economy. He also has firsthand experience in investment banking and was a partner in the Carlyle Group before being appointed to the Board of Governors. Governor Powell was reported out of the Banking Committee with overwhelming bipartisan support last year and was recently approved again this year with near-unanimous support. If confirmed to this new role, I look forward to continuing our work together with Governor Powell on a host of important issues before the Banking Committee. I support this nomination today and urge all of my colleagues to do the same. Thank you. The PRESIDING OFFICER. The Senator from Utah. Mr. LEE. Mr. President, I ask unanimous consent to engage in a colloquy with Mr. Flake, the Senator from Arizona. The PRESIDING OFFICER. Without objection, it is so ordered. Earmarks Mr. LEE. Mr. President, if you have been following the circus in this town long enough, you probably remember earmarks, the infamous special interest spending provision that party leaders used to sprinkle over unpopular legislation, sort of like heavily subsidized sugar. Even if you aren't familiar with this concept, you may be familiar with specific wasteful earmarks, such as the infamous $223 billion ``bridge to nowhere'' in Alaska or the $3.4 million turtle tunnel in Florida, which was precisely what it sounds like, a 13-foot-long underground tunnel that was intended not for people, not for automobiles, not for train traffic but for turtles, or the so-called ``monuments to me,'' buildings that politicians named after themselves. Earmarks were everything Americans couldn't stand about Washington, DC. They enabled corruption, and they facilitated waste. They wreaked of entitlement. They were the swamp, and then they went away for 7 wonderful years and counting. They went away because Republicans banned them after the 2010 election cycle, when the tea party wave rolled through Washington, lifted by an anti-cronyism message. Now some politicians in the House of Representatives are trying to bring earmarks back. Now, I have heard some bad ideas in my time in the Senate, but this one takes the cake. Just like in a horror movie, the swamp thing is coming back to life-- or at least it is trying to--even after we hit it in the face with a shovel. Earmark fans never left Washington, of course. They have just been lying low, waiting for memories of their waste and abuse to somehow fade from our public consciousness, from our awareness, and our discussions about Washington. Now, 7 years later, these politicians and their special interest pals think they have found a nifty argument to rehabilitate pork-barrel spending. They point to the dysfunction in Congress and say earmarks would somehow make all of that better. It is a little bit like saying: There is a fire over here, let's pour some gasoline on it and see what happens. Sure, these offenders admit earmarks are frequently unseemly. They have to acknowledge that. There is no getting around that point, but they claim earmarks are a kind of industrial lubricant for the sausage- making factory that is Congress. According to them, bringing earmarks back will get the machine churning out sausage again, just like before. Like many terrible political arguments, this one has some acknowledgeable, superficial appeal. Congress is, indeed, dysfunctional, and earmarks probably would make it easier for some people in Congress, some party leaders and others, to buy votes for their bills, but why should we believe our problems would be solved if we just hand more power over to the already powerful few in Congress, if we make it easier for them to pass unpopular bills like ObamaCare or massive amnesty? It was the elites from both parties who reduced Congress to its present lowly state. The public despises Congress, and it certainly is not because we killed earmarks. It is because the public distrusts the elites who rule them and the awful unrepresentative laws they passed with the help of earmarks, no less, prior to the 2010 election cycle, when the American people said: Enough is enough when it comes to earmarks. Now, the fight over earmarks is really a fight over two very different, competing visions of how Congress should govern. The Washington establishment likes the current system, where just a few lawmakers negotiate and write bills behind closed doors. This system, itself, works great for the swamp. If you like the swamp, then you probably love earmarks. It keeps cash flowing through certain offices and their alumni's lobbying shops on K Street. There are tough decisions made in secret without any accountability or fidelity to the public, to the people we represent. This corrupt system excludes all but a handful of well-positioned Representatives and Senators. So it effectively disenfranchises hundreds of millions of Americans whose representatives have little say over what actually passes into law. Bringing back earmarks would only make that situation worse. An alternative system would be one of transparency, of decentralization, of legislative accountability. Representatives and Senators would write legislation collaboratively in the open for all to see, forcing popular compromises and, yes, from time to time, taking tough votes. The reason Congress doesn't work like this right now is because the establishment is afraid of what the public might see and how they might vote in response to what they see. Governing out in the open would require Members to do the hard work of learning about issues before forming coherent positions. The present broken system is much easier, at least in this critical respect: It lets a small handful of lawmakers do all the thinking and the scheming, and it rewards docile lawmakers with the occasional earmark to tout to their constituents back home, to tout to them as if to ask: Aren't I wonderful? Earmarks would make life better for politicians, in other words, but it would make life worse for the country, much worse. That we are even considering such a bargain; that it is even being discussed as a serious matter in the House of Representatives is an insult to logic and is exactly why Congress is held in such widespread public disdain. Eventually, I believe, Congress will reform itself. As the old adage goes: ``If something cannot go on forever, it won't,'' but it will take a lot of painful decisions before we get to that point. [[Page S451]] We will have to struggle hard to extricate ourselves from the mess. Bringing back earmarks would represent a step backward in this struggle--back to cronyism, back to waste, and, yes, back to the swamp. This is something we cannot allow. This is something that cuts against our very interests as Americans and as Members of an institution that has called itself the world's greatest deliberative legislative body. So I would ask my friend from Arizona, Senator Flake, for his thoughts on the matter and what he thinks about the wisdom, or lack thereof, in bringing back this horrible tradition. Mr. FLAKE. Mr. President, I thank the Senator from Utah. Let me just say that during a televised, bipartisan meeting recently at the White House, the President suggested that we might be more collegial around here, more efficient in Congress, if we would just bring back earmarks. The reaction from the lawmakers present was decidedly mixed. Some cheered that declaration, but most of us, I have to say, recoiled at the thought. As someone who served in Congress during the gluttonous earmarking era, when pork was used regularly to buy and sell Congressmen's votes, I can tell you firsthand this is an idea that nobody ought to be laughing at or embracing. Amidst public corruption investigations and a constant stream of embarrassing headlines about sweetheart deals for family and friends, Congress was forced to place a moratorium on earmarks about 7 or 8 years ago. Earmarking does not improve the legislative process. In fact, it compromises Members into ignoring unethical behavior and voting for bad bills that they would otherwise oppose. Remember, ObamaCare was approved with just a single vote being secured with an earmark--the one that was derided as the ``Cornhusker kickback.'' Likewise, when Senators receive earmarks, they are agreeing to support hundreds of other earmarks stuffed into an appropriations bill. When people say the appropriations process would be a lot smoother, would work a lot better with earmarks, I would respond by saying that there was a period of about 10 years when earmarks really hit the high point, in 1994 or 1995 through 2006. I served in the House from 2001 to 2012, and during that time we had earmarks for part of the time and went without earmarks part of the time. And 2005, I think everybody recognizes, was the high point--or the low point, if you want to put it that way. There were a total of 16,000 earmarks spread across 12 appropriations bills and 1 authorization bill, worth about $30 billion. One would think that if we had that much to grease the skids in Washington, we should have been able to pass all appropriations

measures and move through the process. We would have a more collegial, compliant body. During that time, in 2005--I just checked--we passed only five appropriations bills in the House--only five. We ended up with an omnibus bill, and that was when Republicans controlled the House, the Senate, and the White House. So this notion that we have to have earmarks, and if we just get back to earmarks then this place will run smoothly and we will get through the appropriations bills--with 16,000 earmarks, worth about $30 billion, only five appropriations bills were approved. We all remember too well the indoor rain forest in Iowa, the teapot museum in North Carolina, and, of course, the bridge to nowhere in Alaska. When a challenge was made to that infamous bridge and other pork projects, not-so-veiled threats were leveled at Senators and Members of Congress who dared question their colleagues' projects. We simply cannot go back to that time. I remember well during that time one particular episode when we were all in HC-5 of the House basement. It was during the appropriations season, and all of a sudden one Member ran into the room just breathless. He had the list--the list from the Appropriations Committee--as to who was getting the earmarks and who wasn't. It was largely a staff-driven process. But then everybody would--the thing was, we have to get these earmarks; we have to go announce them quickly in the House before the Senators take credit for them. That was the atmosphere at that time. That was not a high point. That is not something we want to return to. I was looking at some of what I said in the House at that time and some of what I quoted when we were trying to get rid of them in 2009. At that time, The Hill newspaper had reported that a prominent lobbying firm was the subject of a Federal investigation into potentially corrupt political contributions. It had given $3.4 million in political contributions to no less than 284 Members of Congress. There were lobbying shops that were set up for that purpose--simply to be at the intersection of earmarks and policy. The Hill also reported on February 10, 2009, that this firm, which specialized in obtaining earmarks in the defense budget for a long list of clients was ``recently raided by the FBI.'' The New York Times noted that the same lobbyist for that firm ``set up shop at the busy intersection between political fundraising and taxpayer spending, directing tens of millions of dollars in contributions to lawmakers while steering hundreds of millions of dollars in earmark contracts back to his clients.'' This is a process that simply is too tough to police when it gets this way. During my time in the House, over a series of a number of years, I went to the House floor literally hundreds of times to challenge individual earmarks in these spending projects. For those who think that you can go and challenge these earmarks and have somebody say ``Yes, all right, I didn't want to spend money on that teapot museum anyway; that is a bad idea,'' that rarely happened. In the hundreds of times I went to the floor to challenge earmark spending, there was only one vote that I won--only one in hundreds of times. That is because the process of logrolling takes over, where one Member will say: I will protect your earmark if you protect mine. It was more likely that I would get 30, 40, 50 votes, and if I was challenging a popular appropriator, I would get even fewer because nobody wanted to challenge them because their own earmarks would be threatened. This is not a process that we want to go back to. This is not something that we should be proud of in our history. Several of our colleagues ended up in jail. One of them actually had an earmark bribe menu printed, in hand, on his congressional letterhead which read: If you want an earmark for this much, here is what it will cost you, under the table. He ended up doing time in prison. Not every Member did that, obviously, but it is a process that is too difficult to control. Here is the worst part about earmarks generally. Some will say that it is just a fraction of spending; it is just a couple of percentage points off the Federal budget, which is true. But the problem is, once you get back into earmarking, the Appropriations Committee spends an inordinate amount of time--the majority of its time--focusing on that 1 or 2 percentage points of the funding and gives up its oversight responsibilities on the other 98 percent of the budget. We simply don't do the oversight that we should be doing on the Federal agencies and how they spend this money. That is the worst part of earmarking--that we simply give up oversight. Yes, we pay a lot of attention to that 1 or 2 percent of funding, but we give up oversight on the rest, effectively. So I hope we don't go there. That is why I am introducing bipartisan legislation, joined by my colleague from Utah, to permanently ban all congressional earmarking. Senators McCaskill, Toomey, McCain, Lee, Portman, Johnson, Rubio, Ernst, Fischer, and Sasse are all on as cosponsors. I hope that when this is brought to the floor, it passes, and we don't go back to this practice of earmarking. I turn back to my colleague from Utah to hear what other thoughts he has on the subject. Mr. LEE. Mr. President, I am grateful for the work that has been done by the Senator from Arizona on this topic. One of the first times I remember seeing the Senator from Arizona on TV, many years before I was elected to the Senate, was while he was serving in the House of Representatives. I saw him interviewed on national television, talking about this issue--talking about the corruption that inevitably flows [[Page S452]] from a system that allows for favors like these to be handed out. I remember the immense respect I had for this man whom I did not yet know and wouldn't come to know for another decade or so, but who was willing to call out something that he believed was contrary to public policy, contrary to any system that would result in a good consequence, a good outcome for the American people. I also appreciate the comment he made a moment ago about a familiar refrain by defenders of earmarks. Senator Flake mentioned that over time people would point out that earmarks were, even during their heyday, maybe representing a couple of percentage points of total Federal spending. Well, that may be true, if you want to put it that way, in those terms, as they inevitably did at the time, quite persistently. But it overlooks a few things. It is a much larger percentage, of course, of discretionary spending, and of domestic nondefense discretionary spending could even be a larger percentage. But more to the point, something that is only 2 percent doesn't necessarily mean that it is having a favorable impact and that it is not having an impact that is itself very significant. When you look at a mile-long train, the engine car might represent only about 2 percent of the total length of the train, but it is what is driving the train. It is what is determining where the train goes, and if that train is going in a wrong direction, that can be very bad. So I have always found unpersuasive the initially persuasive argument that this is just a tiny segment of Federal spending. At the end of the day, earmarks represent everything that we are uncomfortable with about Washington. Moving back to them would represent a departure from a very favorable reform that we had in this body 7 years ago. So I would ask Senator Flake, who has served in Congress longer than I have and who has seen this, to tell us what he fears most about bringing back earmarks. Mr. FLAKE. Well, I thank the Senator from Utah. One of the things I fear most is that we are having a tough enough time controlling spending. Dr. Coburn, who served in the House--I admired his time there. He went after earmarks and after a lot of these appropriations, and he did the same thing when he came to the Senate until the last day he was here. He had a saying. He said: ``Earmarks are the gateway drug to . . . spending addiction.'' What he meant by that is if you give an earmark in an appropriations bill, some people will say ``Well, it is just an earmark for a couple of million dollars for a Rock and Roll Hall of Fame''--that was actually one. The problem is, once you get your earmark there, you are obligated to support that entire bill, no matter how ballooned it becomes. During the period, particularly in 2001 to 2006, boy, we bloated up a lot of appropriations bills. We were running basically at almost a surplus in 2001, and by the time we got to 2006, it was anything but, and nondefense discretionary spending and defense spending related to earmarks increased significantly. It just was not a good trend. So what I fear most is that we have been able to have some control on nondefense discretionary spending, and the growth of that has been slower than other things, but once you start getting earmarks in these bills, then you will be obligated to support them no matter what. Then you support bloated appropriations bills just to protect your earmark. The process of logrolling takes effect--I protect yours if you protect mine. That is one thing I fear. I turn it back to the Senator from Utah. Mr. LEE. Mr. President, Senator Coburn said this is the ``gateway drug'' for big government. That is such an appropriate analogy. It reminds me of a news clip that I saw a couple of years before I ran for the U.S Senate, when there was coverage of a very large spending bill that came up short--and those on the news commented at the time: Well, it is well understood in Washington that what is now going to have to happen is they are going to have to add probably tens of billions of dollars to this bill, which they will do, and they will end up getting it passed by adding these ``sweeteners'' as they call them--earmarks, essentially--in order to get people to vote for them for the same reason that Senator Flake just mentioned. The dangers of bringing back earmarks are numerous, and it is my strong view that we should not do that. We should avoid this like the plague. Thank you. I yield the floor. The PRESIDING OFFICER. The Senator from Mississippi. Mr. WICKER. Mr. President, I ask unanimous consent to speak as in morning business. The PRESIDING OFFICER. Without objection, it is so ordered. Senate Reform Mr. WICKER. Mr. President, the Senate voted yesterday to reopen the government. I am glad that cooler heads and bipartisan good will prevailed before too much damage was done, but where do we go from here? The leadership of both Houses needs to negotiate appropriations caps for the rest of this year and all of next year. We all need to do our part to make sure this is done immediately. As a matter of fact, half of that job is practically done. Our colleagues in the House have a promise from the Speaker of the House to consider a Defense appropriations bill at the spending level set by the most recent National Defense Authorization Act. That amount is $700 billion and represents an increase of $88.6 billion over last year's enacted spending level--a welcome development. It would seem to make sense for this body to adopt that figure in the Senate bill, and the job would be halfway done. I hope our leaders will not wait until the week after next to get us an agreement on domestic spending. Let's not approach the next few days as if the battle lines are again drawn. Rather than using the coming days to suit up for the next showdown, perhaps we can work to strengthen the Senate so that it does the governing that our Founders envisioned, the governing that the statesmen who preceded us have protected. Americans do their jobs day in and day out, and they expect the same hard work from their elected representatives in Washington. In this regard, I would like to call attention to an op-ed by radio host Hugh Hewitt that was published online yesterday by the Washington Post. It is titled ``How to end the Senate's astonishing dysfunction''--a pretty graphic title for an op-ed. Mr. Hewitt warns that the institution of the Senate is ``careening toward widespread contempt, as happened to its Roman predecessor even before the emperors turned it into a fancy advisory council.'' One might be inclined to agree given the events of the past few days. Indeed, we have reached an embarrassing low point where a government shutdown is wrongly used as a bargaining chip for merely political gain. Mr. Hewitt concludes, ``It would be best for both parties to head off change imposed from pressure from the outside with change organically orchestrated from within by those with care for the body and its original design.'' There are plenty of experts with ideas on how to create a more efficient and more effective Senate. Those ideas should be welcomed now. But those of us who took an oath in this Chamber and serve with the great legacy of this institution cannot stay on the sidelines. We occupy a unique position to drive reforms and to make the Senate better, ensuring its existence and its success for the next generation. There is real hope that these reforms have already begun. For example, there has been support by both Democrats and Republicans to change the procedural rules on executive and judicial nominations, shortening postcloture debate from 30 hours to 8 hours. The Democratic- led Senate passed this rule on a temporary basis in 2013, with bipartisan support. Our colleague from Oklahoma, Senator Lankford, has a thoughtful proposal. He suggests that we permanently shorten postcloture debate on executive and judicial nominations. I agree with this proposal. The practice of confirming noncontroversial nominees is a courtesy historically given without needless delay to whoever occupies the Oval Office, to whomever the public has installed as President, Democrat and Republican alike. Delays are not only inconvenient as the new administration tries to put its team in place, but more importantly, [[Page S453]] delays keep highly qualified individuals from serving the American people--sometimes in positions affecting our national security or delivering disaster response. Like Mr. Hewitt, I believe we can do more to make the Senate work for the American people with ``an overhaul of its rules'' that ``preserves the rights of the minority in some cases . . . while also reflecting the speed at which the world moves today.'' Mr. President, I ask unanimous consent that the op-ed by Mr. Hewitt be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows: [From the Washington Post, Jan. 22, 2018] How To End the Senate's Astonishing Dysfunction (By Hugh Hewitt) Remember Roscoe Conkling? Few people do even though for many years the New Yorker was the ``first man'' in the Senate and king of patronage. How about Henry Cabot Lodge? ``Something about the League of Nations?'' you ask, if you are going off your college days or AP history prep. ``No, wait, Nixon's running mate!'' you say, and head to Wikipedia to discover both fragments of memory are right. The Lodges were a father-and-son team of senators. How about Robert Taft and Mike Mansfield? Lyndon Johnson was preceded as Senate majority leader by the man known as ``Mr. Republican'' and followed by the good and decent Mansfield, who went on to be a good and decent ambassador to Japan under Presidents Jimmy Carter and Ronald Reagan. (When was the last time anyone thought of a senator as such a statesman that he or she could serve as ambassador to a key ally for more than a decade under presidents from both parties?) The point is that the Senate as an institution is--or was-- quite the work of genius, but its individual members, no matter how famous in their day, fade into background characters in presidential biographies. (And most presidential biographies don't really get read all that much.) Now the Senate itself is careening toward widespread contempt, as happened to its Roman predecessor even before the emperors turned it into a fancy advisory council. Whether the decline began with the sliming of Robert Bork or the segregationist filibusters of civil rights legislation, the modern Senate has been on a downward spiral for some time, and even current Senate majority leader Mitch McConnell (R-Ky.), the Senate's most able leader of my lifetime, isn't shrewd enough to reverse the trajectory in the public's eyes. After another government shutdown, President Trump and others are pushing hard to make the apparently dysfunctional upper chamber a purely majoritarian place. McConnell resists this, knowing that the rights of the minority party are (or at least used to be) key impediments on the country rushing into dangerous waters. What the Senate needs is an overhaul of its rules, one that preserves the rights of the minority in some cases--key legislation, for example, and perhaps appointments to the Supreme Court--while also reflecting the speed at which the world moves today. Simple majorities on appropriations and time limits on debate over minor nominees are two obvious reforms. They could be traded for agreement on the high court vacancies, formalizing the modern precedent established by McConnell of no nominations in an election year but consideration and votes on nominees from the year prior such as Anthony M. Kennedy. The same deal could also include changes to the ``Byrd Rule,'' which gives the Senate parliamentarian broad sway over what is allowed under budget reconciliation--an extraconstitutional expansion of the parliamentarian's powers that makes sense only under a Cubist understanding of how the Senate is supposed to operate. Now, with the shock of the shutdown very palpable, McConnell and his minority counterpart, Charles E. Schumer (D-N.Y ), should empower a small group of widely liked and respected members to fashion a package of reforms with the only guarantee being that their work product receive an up- or-down vote made effective by a simple majority. The Senate's dysfunction is astonishing to Americans who have to make things actually run and who have to do their jobs to keep their jobs. Trump has shrewdly taken aim at the Senate's vulnerability as an issue. It would be best for both parties to head off change imposed from pressure from the outside with change organically orchestrated from within by those with care for the body and its original design. Mr. WICKER. Mr. President, we can do more to streamline nominations, and we can do more to prevent the next budget stand-off. I want to remind my colleagues of the bipartisan work that has been done by Senate Appropriations members--Republican and Democratic--in just the past year. Eight of the twelve annual appropriations bills passed out of committee last year. Most passed unanimously, with unanimous votes from Republicans and Democrats in the full Appropriations Committee. The remaining four were released as chairman's marks. Let me recount the work that was done last year. On July 13, 2017, the full Appropriations Committee, on a bipartisan basis, unanimously approved the fiscal year 2018 Military Construction and Veterans Affairs and Related Agencies appropriations bill. The vote was 31 to 0. On July 20, 2017, the committee unanimously--again by a vote of 31 to 0--approved the fiscal year 2018 ***Agriculture***, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill. Also on July 20, the committee approved the fiscal year 2018 Energy and Water Development appropriations bill by a vote of 30 to 1--still an overwhelming bipartisan vote on the part of the Appropriations Committee. On July 27, 2017, the Appropriations Committee unanimously, by a vote of 31 to 0, approved the fiscal year 2018 Transportation, Housing and Urban Development, and Related Agencies Appropriations Act. Also on July 27, the Appropriations Committee approved the fiscal year 2018 Commerce, Justice, Science, and Related Agencies Appropriations Act. That was by a vote of 30 to 1--overwhelmingly bipartisan. On the same day, July 27, the committee unanimously approved the fiscal year 2018 Legislative Branch appropriations bill. I could go on and on. Two more: In 2017, the full Appropriations Committee approved the Labor, Health and Human Services, Education, and Related Agencies appropriations Bill. The vote then was a little closer--29 to 2--but still overwhelmingly bipartisan by a pretty evenly divided Appropriations Committee. On September 7--well before the end of the fiscal year--the Senate Appropriations Committee unanimously approved the 2018 Department of State, Foreign Operations, and Related ***Programs*** appropriations bill. All of these bills and then four chairman's marks have been available to this Senate for consideration, and not a single one of them has been brought to the floor. What would be the reason for that? I think Members of the majority would say it is because we couldn't get 60 votes for cloture on a motion to proceed, and realizing that we couldn't get the 60 votes, we decided not to burn the time that we needed for other considerations, such as nominations or tax reform or other legislation that had a chance. Members of the minority party would probably say we couldn't get to a realistic caps agreement for domestic spending and for defense spending, and so there was no point in doing that, so we wouldn't agree to the 60 votes. But for whatever reason, citizens should know and Members should know that the Appropriations Committee did its work, and they had bills within the caps available to them, that were available for consideration. Yet, for whatever reason, they were not allowed to come to the floor for a vote. Shouldn't we make a commitment to at least bring one bill or at least a minibus, combining three bills, to the floor and see if Members can work their will during this calendar year of 2018? Annual appropriations bills should be passed in committee and then should come to the floor for a vote. This is how the spending process ought to work. We can do that more easily with a budget deal. We can do it with a bipartisan agreement on spending caps, which is the next big item to be negotiated. We need to eliminate sequestration, and we need to agree to defense and domestic spending levels. As I say, the work is already halfway done for us. A parade of weeks- or months-long continuing resolutions is not how we should be funding the government, and we have a resounding agreement to that statement from Members on both sides of the aisle. The government shutdown this week was unfortunate, but it does not mean we have to continue the Senate's ``downward spiral,'' as Mr. Hewitt describes. We now have an opportunity for reform and for reflection about how we want to shape the future of this institution. I hope my colleagues, with the support of majority and minority Members, will seize this opportunity to enact positive change. [[Page S454]] Mr. President, I yield the floor. The PRESIDING OFFICER (Mr. Flake). The Senator from Oklahoma. President Paul Kagame Mr. INHOFE. Mr. President, I am going to talk about something different than anyone else has talked about here, and there is a very good reason for it. First of all, to try to establish some credibility here, I have had occasion to spend quite a bit of time working on issues in Africa. In fact, I have had occasion over the last 23 years to make 156 African country visits. That is a lot of African country visits. We have friends there. I personally have friends there, intimate friends. We have worked on a lot of the military concerns they have, but this is an area where we have very close friends. So I am going to be singling out one close friend--but not to the detriment of the rest of them because we have many close friends, certainly as many as 32 country Presidents and Prime Ministers to whom we have been very close. But there is a reason for singling out one particular individual, who is Paul Kagame, President of Rwanda--two reasons. First, he is going to be coming in as the Chairman or President of the African Union in the next few months. He has already been elected. Second, he survived the Rwanda genocide, which arguably could be the greatest genocide of all time. On January 28, he will become the President or Chairman of the African Union. This is really nothing short of a miracle. Rwanda is a miracle, and we have Paul Kagame and the people of Rwanda to thank for it. In 1994, one of the most atrocious genocides ever perpetrated occurred in this small East African country. In a period of about 100 days, nearly 1 million Rwandans were slaughtered. As is always the case, the seeds of genocide were planted many decades before, but when it finally started in April of 1994, many thousands of Hutus used machetes and clubs to slaughter Tutsis. Those are two tribes people are very familiar with. In most cases, it was neighbors killing neighbors, even some family members. The horror was unimaginable. Fathers and mothers were forced to watch their children being hacked to death. One man was forced to beat his wife to death in order to spare their seven children from being tortured to death. Many Rwandans were lucky to survive and remember watching their parents and siblings being murdered. One individual whose name is Immaculee wrote a book, ``Left to Tell,'' which gives you an idea of what happened, the fact that there were people in her own community trying to kill her. They killed 70 percent--70 percent--of the entire tribe at that time. The world just watched as this slaughter took place. They did nothing. The United Nations had peacekeepers stationed in Rwanda, and they were ordered to withdraw and leave all the genocide to take place. The President of the United States was Bill Clinton. He did nothing. The world just stood by and watched. The horror was stopped only because of one man. That one man was Paul Kagame. In October 1990, Paul Kagame led a group of young Rwandan refugees from Uganda whose parents had fled the country's mass violence three decades before. You have to keep in mind that the President of Uganda is President Museveni. President Museveni and President Paul Kagame, both, came from the bush. They were good friends. He went there to try to save Rwandans at that time because he saw the genocide coming. What is even more amazing about Rwanda is their leader and what happened after that. Rwanda had two very different paths it could have taken. They could have taken revenge. Paul Kagame could have taken the strength he had--the new power that he had--and he could have gone after the other tribe that was there, the Hutus, and he could have started another genocide of his own. That could have happened. The other thing he could have done was the path of forgiveness and reconciliation. This is the path of hard work, where the Tutsis who survived the genocide would have to learn how to forgive and live alongside the same Hutus who killed their family members. This is the path of rebuilding a nation from the ground up so that together they could have a common future. We now know which path Rwanda chose. President Kagame led them down the path of reconciliation. There are a lot of people who helped to make this happen. One of the individuals, who I happen to be personally fond of, who is deceased now, was Chuck Colson. Do you remember him? He spent time in prison. He started a fellowship and was very actively involved in the reconciliation process. In many cases, the Hutus who committed genocide against the Tutsi families would seek forgiveness from that family and then achieve reconciliation by building a home together for the Tutsi survivors who lived through this. It may seem like a small gesture, but it allowed the healing and forgiveness process to work. Together, the Hutus and the Tutsis are rebuilding their nation as Rwandans working together. I had one experience that I watched after this happened. My wife called this to my attention. In Rwanda, they build a certain kind of basket that is different from that in any other country. After the reconciliation, there they were--the Hutu and the Tutsi young women-- making these baskets. Then, Paul Kagame worked out a deal with several department store marketing areas in the United States. Macy's was one of them. They started selling the baskets. It was a great boon for them. But, anyway, Paul Kagame should be credited for this amazing transformation of the nation to a thriving, successful country. This is paying great dividends. I was in Rwanda most recently in October. I have been there eight times. Each time I go, I am surprised by what I see. Let me mention five things that are unique to Rwanda. First, there is not a piece of litter anywhere in Rwanda. There is nothing. You can't find any litter. In fact, the last Saturday of every month, they have a ***program*** where everybody joins together and they pick up every bit of trash and everything else. That doesn't sound like very much, but you notice the difference when you are there. The second thing that is different about them is their infrastructure. Rwanda is known as the Land of a Thousand Hills. They don't have any level areas in Rwanda. Not long ago, I remember going for an hour and a half, between the hill area and the mountain area, on a road that was perfectly paved. That is one thing you would expect to see in the United States. There are no potholes--nothing. It was a highway that you would expect to find anywhere except in Africa. They are known for this. Third, the people are hard workers. I mentioned that there aren't any flat areas there. Every square foot in Rwanda is used to grow something, from the bottom of the peaks. Everything is there. They are hard workers. They grow tea, coffee, potatoes, and other crops. They are all being cultivated across the entire country, and it is all hilly country. There is no place else where that is actually taking place. It is hard work. You do it mostly by hand. They are able to feed themselves and export more valuable crops abroad. Fourth, it is safe. You wouldn't expect a country that has gone through the most devastating genocide--maybe in history--to be a safe place to walk around. Yet it is. You can walk there at nighttime. It is safer than Washington, DC. The fifth thing that is unusual about this is that the economy is booming. Everywhere you look in Rwanda, construction is happening. In just the last few years, they built new hotels and a convention center, and they are now working on a new airport to facilitate all the growth and tourism that is coming there. These are my observations, but President Kagame's leadership is not just resulting in visible changes. Numbers back up what I have seen. Since he became President in 2000, Rwanda has experienced a GDP growth of 8 percent. This is interesting because we are, through our tax bill, going to be increasing our GDP in this country. There is a formula that no one disagrees with, and that is that for each 1 percent increase in growth in the GDP, that develops into $1 trillion over a period of 10 years of increased revenue. That is some of the revenue we are going to be using as a result of that. This is not the United States. This is in Africa. It is an 8-percent GDP [[Page S455]] growth. It is geared toward the poor people. That is why the population has lifted people out of poverty. Rwanda has dramatically improved its ease of doing business. The World Bank recently ranked Rwanda No. 1 for doing business in East Africa, No. 2 for doing business in Sub-Saharan Africa, and No. 41 in the world. That is remarkable when you consider that just a matter of 8 years before, they were ranked 150th in the world for doing business. Now they are No. 41. Today you can start a business and get all the necessary permits to operate in just a few days. Rwanda has become a model for gender empowerment. Maybe this is going a little further than a lot of the people in this country are comfortable with, but Rwanda's constitution requires that 30 percent of decision-making positions be awarded to women. Today, it is now 60 percent. So 60 percent of Rwanda's parliamentarians and 40 percent of its Cabinets are filled by women, including my good friend the Foreign Minister, Louise Mushikiwabo, and also the Ambassador that many of us know here because she is in the United States, Ambassador Mathilde Mukantabana. Rwanda has facilitated the development of a technology that no one would expect in Africa. Rwanda enjoys a nationwide fiberoptic infrastructure that will ensure that 95 percent of its citizens have access to high-speed 4G internet. Furthermore, it is integrating drone technology into its healthcare system to ensure that vital supplies, like blood, can reach patients all over the country. Rwanda has transformed its healthcare system. Life expectancy is now 64.5 years. In 2000, it was 49 years. That has all taken place in the last few years. Child mortality rates are down more than two-thirds. Maternal mortality is down 80 percent. In 2000, there was only 1 doctor for every 66,000 people. Today there is 1 doctor for every 10,000 people. Between those years, since the genocide has taken place, the malaria-related deaths plummeted by 85 percent. When you ask how these things were possible, the World Health Organization's country director said--and this is a quote, not a quote by me or someone in this country or by the President: The main ingredient is visionary leadership. It's about having a target, saying we want to be there in the future and understanding obstacles in the way. That visionary leader is Paul Kagame, and he gets results. That is the World Health Organization. Rwanda has established a highly capable and professional military. President Kagame actually studied in Fort Leavenworth in Kansas as part of the IMET ***Program*** in early 1990s. The IMET ***Program*** is a ***program*** where we train people from different countries to be leaders, and, of course, they develop an allegiance to our country. It is very successful. That is how this guy got started. He started in the IMET ***Program***. His military background is very professional. As President, he has required the same of his forces. In the Rwanda Defence Forces, all military orders and instructions are issued through a chain of command. Rwanda's ***plan*** is to have a small, well-equipped army of 20,000 soldiers and a reserve component of 100,000. Their defense strategy is to sustain a combat-ready force capable of rapidly deploying to meet varying contingencies both at home and abroad still. They are delivering. Rwanda is the fifth largest contributor to the U.N peacekeeping operations in the world. They currently have close to 5,000 troops deployed in different missions, widely acknowledged as some of the best performing and most trusted peacekeepers in the world. Rwanda is also a major participant in the Eastern Africa Standby Force. That is a battalion of 850 troops and a police contingency of 140 officers who are on standby for contingencies in East Africa. The countries that have gone together are Tanzania, Uganda, Burundi, Kenya, and Rwanda. These are the kinds of things that are exactly in line with what we should be helping them with and participating in and doing ourselves in the United States in terms of policy goals for Africa. We set up a way to help Africans help Africans, to train and assist regional partners so they will be capable of handling security threats before they become global crises. With the emergence of their peacekeeping mission, the regional cooperation--what we hope would happen--is happening. Paul Kagame is the reason Rwanda is leading the way. Rwanda is a clear example of what a strong, ***strategic*** partner should look like to the United States. It is not just me saying this. Rwanda is recognized around the world for its professional force. In fact, Rwanda's Defense Minister was among the few leaders who spoke at the United Nations Peacekeeping Defence Ministerial in November in Vancouver. Because of these amazing accomplishments, President Kagame is widely viewed as one of the most influential heads of state in the continent of Africa. Many leaders and observers praise him and his record. Benedict Oramah, President of the African Export-Import Bank, said: [Rwanda] is a country that was all but written off some two decades ago. But just like the phoenix that died and arose from its ashes, it emerges to become the shiniest star on the continent. The shiniest in terms of governance, in terms of the can-do spirit, doing those things that nobody ever thought was possible. Again, that is the African Export-Import Bank talking about Paul Kagame. The head of the World Health Organization's Africa department said: I want to recognize [Rwanda's] remarkable leadership--its creativity, tenacity and resolve--which have delivered significant progress in advancing health and development for the benefit of all your people. Your achievements in such a short space of time are truly remarkable. That is the World Health Organization. He is talking about Rwanda, and he is talking specifically about the President. Some of you may remember former Nigerian President Olusegun Obasanjo, who came in after the person who was considered one of the great terrorists of all time, at that time, Sani Abacha. He came in to reform the leadership in Nigeria. His statement was: ``Rwanda has made difficult trade-offs, but as an African leader, I tell you that I would make the same trade-offs.'' Yet his influence is recognized more clearly not by what people have said about him but by what his peers have asked him to do. In July of 2016, Kagame was selected by his peers to lead the effort to reform the African Union to make it more effective. He did not take this opportunity to raise his own profile, as most people would do; rather, he used it to build consensus and cast a vision for a future Africa that is no longer reliant on aid from the outside world. This is very significant because when you talk to people in the street about Africa and the things we do with Africa, the first thing they say is that Africa is always having to be supported by us, that we are pouring money into Africa and they are not able to do things on their own. This was the first time he had made this statement--that Africa should no longer be reliant on aid from outside nations. Within months, he developed a reform package that was focused on four categories. This is significant. The first one is that the African Union has to be focused on key priorities with a continental scope as opposed to a regional. This is something that has been happening for a long time, but they are moving from regional to starting to look after their entire continent. He wants the AU to focus on fewer but bigger issues that affect everyone on the continent. The second thing is that the AU must be connected with its citizens. Paul Kagame envisions doing this by establishing women and youth quotas, which I just mentioned a minute ago, across the institutions and by identifying appropriate ways and means to ensure that the private sector, Parliament, civil society, and citizens are participating in the process. He also wants to make the Africa passport available to all citizens so as to allow the free flow of people among the nation-states. The third thing is that the business of the AU must be managed effectively and efficiently with accountability, called the ``Rwanda way.'' The fourth thing is to charge the member-states with providing all of the necessary funding to operate the African Union without having assistance from outside donors. Have you ever heard that before from anybody, let alone Africa? Yet that is what he said. He envisions doing this [[Page S456]] by each African country's imposing a 0.2-percent tariff on eligible imports. While not all observers agree, I admire this vision for each seeking its way to ungrip itself from the assistance of other nations to fund its governmental activities. That was his ***plan***. What cemented his status as an influential power broker in Africa was that at the AU's next meeting, which was January of 2017, his peers at the AU--the African Union--affirmed the recommendations and charged him with actually implementing them. Once again, African leaders unanimously decided to trust Kagame. They chose him as the best leader to put reforms into action. So far, a number of the proposals have already been implemented. About half of the nation-states have already implemented the most difficult part, which is passing upon themselves a 0.2-percent import tariff and forwarding the proceeds to the African Union. They were paying for all of these things that were happening--that were proposed by Kagame--in the African Union. They actually have what we call real skin in the game. More and more nations are getting on board, and Rwanda is leading the way. To further cement his standing and influence, in July of 2017, Kagame was selected by his peers to chair the African Union in 2018, and here it is in 2018. So it is going to be happening. With genocide, Rwanda has a dark history, but because they chose the path of forgiveness and reconciliation instead of revenge, President Kagame has had and has used his national platform to be a nation of friendship and reconciliation between nations--nations that normally don't like each other, nations that normally are fighting against each other. Let's take a look at what he has actually done. First, he and the State of Israel have had a similar past as both having victims of genocide. We all know that. Many African nations-- about half of them--are Muslim-majority countries. President Kagame has used his influence in the region to facilitate Israel's desire to reengage in Africa. Prime Minister Netanyahu of Israel referred to Rwanda as the indispensable bridge on which Israel marched to return to Africa. In just the last 2 years, Prime Minister Netanyahu has been welcomed in several of the African capitals. I was with Prime Minister Netanyahu, and I can tell you that he was one who was so impressed with the work that has been done by Paul Kagame that he is able to invest himself in that continent of Africa, which he was never able to do before. At the United Nations, Rwanda has put itself at risk of widespread criticism in order to stand up for what is right. In 2014, Rwanda rotated onto the U.N Security Council. While there, Rwanda abstained from an anti-Israel resolution so typical of the United Nations. It is always against Israel. When he did this, Rwanda blocked it from moving forward and prevented the United States from having to veto it. In this Chamber, we remember that. I remember the fact that we didn't want to be in a position to veto it, but what they were doing was totally unfair. We had one guy who was courageous enough to do it; he was Paul Kagame from Rwanda. More recently, Rwanda has been one of the few nations not to vote against the United States or condemn our decision to move our Israeli Embassy from Tel Aviv to Jerusalem. Rwanda is willing to take a stand for what is right. It keeps its word. It does not shake with fear at the possibility of intimidation. Kagame has also brought about the restoration of broken relationships with Africa. In 2016, he led the push to invite Morocco back into the African Union. This is an issue that a lot of people are concerned with. All the way back to the Bush administration, our Secretary of State at that time, Jim Baker, was trying his best to undo the damage that was done by Morocco to Western Sahara. Three decades ago, Western Sahara was taken from its homeland and put out in the middle of nowhere in the desert. I have been there several times. I wonder how a person can live out there. The problem was that Morocco was very rich, and Western Sahara was very poor. I testified before a House committee not too long ago, and I commented that Morocco has hired the most expensive lobbyists who are in Washington. Obviously, he gets his way on things that other people don't. Anyway, one of the problems was, because of the advantage that it has had, it has not been willing to come to the table. One of the reasons is that Morocco has been the only country to be considered an African country that is not part of the African Union. So what did Paul Kagame do? He brought them into the African Union. He was able to convince both the African Union and Morocco to allow Morocco to join so that they could get together and get something done. Hopefully, he is on the road to trying to end three decades of trauma that has taken place out in the desert. Has this effort soured our relations with Kagame? No. In fact, the impact has been just the opposite. Earlier this month, former German President Horst Kohler, the U.N envoy for resolving the Western Sahara-Morocco dispute, traveled to Kigali to appeal for Kagame's help to resolve the situation. The U.N recognizes Kagame's bringing Morocco into the African Union as an important step in resolving the problem of the Western Sahara. It is not just in Morocco that Kagame has made a difference. Let's look at others. South Sudan is another problem. The Sudan and South Sudan were the same country. South Sudan had been trying to gain its independence. It finally did gain its independence, and we thought everything would be fine when that happened. Unfortunately, that started a civil war in South Sudan. This is something that has been going on now for 3 years, and Paul Kagame is neck deep in helping resolve that conflict as well. Rwanda has peacekeeping troops in both countries, and the Sudanese and the South Sudanese forces do not target but they protect Rwanda. So we have two countries that are warring against each other, and we have Rwanda going in to try to resolve it. They both welcome Rwanda, and they trust Rwanda's military because they trust Kagame. It is tempting to think that Rwanda is a small country in the middle of nowhere that does not have a lot of influence, but that would be a mistake. Because of the results Kagame has been able to secure for his people and because of the personal relationships he has developed, Rwanda is among one of the most influential countries in Africa, considering the fact that when Kagame was inaugurated to his third term, no fewer than 22 heads of state from across Africa attended the festivities. That has never been done before--22 countries participating in the inauguration of a President. They came for Paul Kagame. The leaders of African nations that normally fight with each other were actually seen embracing one another live on TV. That just doesn't happen for no reason; that happens because they all trust and admire Paul Kagame. With all of this, it is no wonder that African leaders are increasingly looking to Rwanda and Kagame for a vision of how to move forward into the future. According to one reporter, the ``Rwanda model'' is becoming a hallmark phrase in Africa. Simon Allison writes: ``In Africa's . . . corridors of power--in the boardrooms of its banks, in closed-door Cabinet meetings, in donor discussions and interminable governance conferences--it is repeated like a mantra: `The Rwanda model. The Rwanda model. The Rwanda model.' '' Kagame is advancing a vision of African leadership that is no longer reliant on the aid of outsiders--a total reversal. He wants to move his country and the whole continent away from dependence on foreign aid to bustling free market economies that enable the people to take care of themselves. In fact, he recently complained to his fellow peers at an African security summit meeting that they have relied too much on the international community to deal with their problems. This is a quote from him: ``A major pillar of institutional reform of the AU is a more focused and assertive Africa'' that is focused on solving its own problems. He said, ``We must take responsibility for ourselves, which doesn't exclude partners but they add to our efforts.'' He has clearly done that. That is the main thing in all the reforms we have talked about, is to get Africa out of that dependency mode, and he is actually doing it. [[Page S457]] Last March, while speaking in London at the Wall Street Journal's Investing in Africa Conference, Kagame said, ``I want to see Africa get its act together'' so it is not reliant on Western ***intervention*** in its affairs. It is the same thing over and over again. He sees a future Africa that is more autonomous and capable of taking care of itself and taking care of its problems. It is kind of a vision that his peers are gathering around. We shouldn't misunderstand. Kagame is not saying that Africa should have no involvement with the United States or the West--far from it. What he wants is to have a peer-to-peer relationship instead of a donor-based relationship. He wants legitimate business relations between customers and suppliers, to join together African businesses and other international companies, including those in the United States. In Kagame's vision for a new Africa, African nations will have cooperation on security and on terrorism and on trade agreements with their friends, partners, and allies. He wants to end the days of reliance upon foreign governments to solve their problems. See, there it is again. Many leaders in Africa have desired this kind of a change, but few have had the position, the influence, or the clarity of focus to articulate with the kind of passion that is persuasive. It is only had by Paul Kagame. There are far fewer who have this kind of record of improving the lives of their own people in the way he has. This is exactly the kind of partnership that the United States should have with our friends and allies in Africa--should have but that we don't have at the present time. For too long, the United States has had the wrong policy toward Africa and African nations, and most Americans still think there is only 1 country on the continent of Africa rather than 54 independent states that make it up. U.S policy toward Africa should be different. U.S policy should be a partnership that focuses on helping Africans help Africans with three key components: security, trade, and diplomacy. The security goals of the United States in Africa should be focused on training and equipping key partners to be capable of addressing regional and continental terrorist threats that could ultimately affect the United States and to be capable of addressing regional security threats that develop in regions so that the U.S military does not have to engage, so that it can do it instead of needing our involvement. This is AFRICOM's goal. AFRICOM is something that is fairly new. We once were a part of three different commands--the Central Command, the Pacific Command, and the European Command. Now we have AFRICOM as its own command, which was designed for that express purpose. We are increasingly meeting these goals and objectives. The second thing is that our trade focus in Africa should be on developing free trade agreements with African nations so that they have a reciprocal, peer relationship with our African trading partners. Fortunately, this is already the statutory policy of the United States, but it is not working that way. In 2015, a 10-year extension of the African Growth and Opportunity Act was signed into law. This is an appropriate policy for the near term, but long term it is not because we need to have the same kind of access to African nations as we provide to them. In this law, it explicitly states that the policy of the United States is to pursue free-trade agreements with African nations, but it doesn't back it up with anything. In my travels to Africa, I have seen many countries are ready for free-trade agreements, but the bureaucracies over here in the United States don't agree. They don't think they are ready. So I introduced the African Free Trade Initiative Act, which does two things. First, it requires a U.S Trade Representative to articulate what African countries need to do to get ready for trade agreements with the United States. It is one thing for people over here or people who are desiring trade and not desiring trade to say: Well, Africa is not ready. What we are doing with this legislation is saying: We need to know from our Trade Representative what they need to do so they could be a part--they can get skin in their own game. Second, it requires the U.S Trade Representative to coordinate with the Millennium Challenge Corporation and USAID so their aid dollars are focused on projects that will help prepare them for free-trade agreements with us. Now these provisions have passed and are signed into law so we are making that headway. The bureaucracies have all the tools they need, but they aren't willing to use them because they don't take Africa seriously, they don't view them as peers, and they look down on them because they are small, but this is a shame because the economies in Africa are growing faster than any other region in the world. Then there is diplomacy. Our diplomatic focus in Africa should be focused on building relationships and alignments with countries we can trust, that share our values and help us influence the rest of the continent and the world to be favorable to the United States. For too long, we have ridden on a high horse through Africa. We have been quick to chide them for mistakes they have made, and we have been slow or completely negligent in recognizing their accomplishments. Take Rwanda as an example. I have already articulated the miracle they have experienced, but when the people of Rwanda decided to amend their Constitution to allow President Kagame to run for an additional term, the Obama administration condemned them. They publicly shamed Kagame for the country's actions and doubled down when he ran for reelection. That administration did not have a category for the democratic process that was different from ours. They just didn't have the category for a new nation needing help, and so they were not helpful to them. That administration also failed to recognize the amazing progress Rwanda has made to improve their country and the health and education of their people, nor did they recognize the superb security assistance Rwanda provides in the region, and our relationship with Rwanda was negatively impacted by the Obama administration. We have become known as a condescending and unreliable partner in Africa. If we do not catch up and change our approach, our friends will find new partners, and we will be left alone. It is no secret how engaged China is on the continent. I think we all know that. Every time you travel through Africa, they say: Well, the United States tells you what you need, but we build what you need. Now, they don't do it with African labor and all that, but they have a reason for doing this. They understand how important Africa is going to be in the coming decades so they are treating African nations accordingly, as peers, as we should be doing. China has surpassed the United States as Africa's largest trading partner. We have been their largest trading partner for many years, but now that has changed and China has taken over. China funded the construction of the African Union's headquarters in Ethiopia. Their aid dollars go toward projects that are actually needed, and the projects happen much faster than compared to ours. The United States is falling behind and at great risk. Between now and 2030, the economies of African nations are expected to grow by an average of 5 percent a year, meaning the total size of their economies will nearly double in that time. By 2025, the continent will have a combined GDP of over $2.5 trillion and $1.4 trillion of that--that is more than half of that--will be consumer spending. Increasingly, Africa's growing middle class will continue to become highly attractive in the business world. By 2034, Africa is expected to have the world's largest working age population of 1.1 billion people, which could lead to a low-cost labor economic boom similar to what was experienced in East Asia after World War II. Our National Security Council has noted that these demographic and economic shifts will have enormous political consequences and that Africa's role in rural politics will dramatically change because of them. Implementing this policy will benefit our people, give us greater security, give us a stronger economy, and it will add to our influence in the world in the long run. These things we need to do, and we are not doing them now. So I [[Page S458]] am encouraging our administration to do it. We need to get these things. To implement this policy effectively, we must cultivate critical relations of influence with our like-minded friends in Africa. In the Middle East, we have Israel. In Europe, we have Great Britain. In Africa, we have Rwanda and Paul Kagame. So it is time to catch up. President Paul Kagame will soon be sworn in as the Chairman of the African Union. In him, we have a visionary leader who has accomplished great things for his country. He has also established himself as a highly influential figure among African heads of State because he has set a bold vision for the future of Africa that is autonomous, self-sufficient, and open for business. This vision is 100 percent complimentary to what the U.S policy should be in Africa. In recognizing this, it is my hope the Trump administration will embrace him and Rwanda as the American friends they are. We need to bring Rwanda close so we can work cooperatively with them to accomplish our shared goal. Rwanda and America are like-minded friends, and we should treat them accordingly. Let me conclude with a personal story that expands a little bit on this. I had an experience in 2000. In 2000, I was called by a friend in Rwanda, and his name is Charles Murigande. He called up and he said-- there is a ***program*** I have been involved in and others have been involved in, where we encourage them to have like we have in the U.S Senate. We have weekly Prayer Breakfasts every Wednesday, and we encourage them to do the same thing. He called me up, and he said: We would like to have our first National Prayer Breakfast in Rwanda. Will you come over and speak? So I did. Well, 14 years later--this is quite a coincidence--in 2014, we were on another trip and ***planned*** to land in Burundi before going to Ethiopia, but then, for security reasons, we weren't able to land in Burundi so we stopped in Rwanda instead. Without any warning--now, keep in mind, Rwanda didn't know we were going to be there. We didn't know we were going to be there. There was no warning whatsoever, but when we got there, as a coincidence, the next day they were having their 14th annual Prayer Breakfast. They assumed, since I was their speaker at their first Prayer Breakfast 14 years before, I was there to give a speech, and so I did. I say this because Paul Kagame, 14 years before that happened and every year since then and then every year since this took place, was then leading both Prayer Breakfasts. So in addition to all of the virtues of Paul Kagame that I have been talking about-- perhaps too long--he is a strong man of faith, and it doesn't get any better than that. I yield the floor. The PRESIDING OFFICER (Mr. Johnson). The Senator from Oregon. Mr. WYDEN. Mr. President, I ask unanimous consent to speak for up to 15 minutes. The PRESIDING OFFICER. Without objection, it is so ordered. Nomination of Alex Azar Mr. WYDEN. Mr. President, very shortly, the Senate is going to take two votes on the President's nominees. The first is to confirm Jerome Powell as the next Fed Chair. Once that vote wraps up, the Senate will vote on whether to begin debate on the nomination of Alex Azar to be Secretary of Health and Human Services. This is one of the key roles in our entire Federal Government in caring for America's sick and vulnerable. Let me begin by saying that Mr. Azar does not come with the staggering ethical challenges of his predecessor, the first Trump HHS nominee, Tom Price. Here is my concern: Mr. Azar's nomination is a clear symbol of the President's broken promises on prescription drugs and pledge to secure better and more affordable healthcare for all Americans. At the outset of my remarks, I am going to start with the issue of skyrocketing prescription drug prices that now clobber millions of Americans at pharmacy windows across America. It is one thing for a Presidential candidate to have claimed he would just be too busy working to have time to golf and then spend almost 1 out of 3 days in office golfing. It is another thing altogether to promise cheaper prescription drugs to sick and vulnerable Americans who empty their pockets to pay for their medications only to abandon them completely once you are in office. Now, it was barely a year ago that Donald Trump stood before our country and said prescription-hiking drug companies were getting ``away with murder.'' Those were his words, not mine, not somebody in the news media. The President said the drug companies were ``getting away with murder.'' Now he has nominated Alex Azar, a drug company executive with a documented history of raising drug prices, to lead the Department of Health and Human Services. From 2012 until last year, Mr. Azar--who is the head of Eli Lilly's American subsidiary; that is, Lilly USA-- chaired the U.S pricing reimbursement and access steering committee, which gave him a major role over drug price increases for every product Lilly marketed across the country. On Mr. Azar's watch, the price of Forteo, a Lilly drug used to treat osteoporosis, more than doubled. The price of Effient, a Lilly drug used to treat heart disease, more than doubled. The price of Strattera, a Lilly drug used to treat ADHD, more than doubled. The price of Humalog, a Lilly drug used to treat diabetes, more than doubled, and these are only a few of the drugs that were under Mr. Azar's purview. Mr. Azar told the Senate Finance Committee that he had never--not even one time--signed off on a decrease in the price of a medicine, and when asked about that statement in his confirmation hearing, Mr. Azar was quick to say: That is just the way the system works, but he didn't give us any concrete examples of how he would buck that system if he became the head of the Department of Health and Human Services. It seems to me, given the fact that he was asked questions about what concrete ideas he had for reforming the system and carrying out the President's promises to hold down prescription drug prices, he came up empty. I guess that says he would fit right in with the Trump administration on prescription drug practices. In its first year, the Trump administration has made exactly no progress when it comes to tackling these skyrocketing pharmaceutical prices. They don't have any Executive orders that have any teeth in them. There don't seem to be any new initiatives at all. No new legislation has come from the Department or the White House. Perhaps, in my view, that is because the administration seems to be busy on other fronts, like taking healthcare away from those who need it, people who can least afford to have their bills climbing upward because of a decision made by a bureaucracy here in the Nation's Capital. This nomination, as you are going to hear Senators discuss tomorrow, is about more than just the administration's failure on prescription drugs. It is, in effect, a proxy on an entire healthcare agenda. This is really a referendum on a healthcare policy from this administration that I think is an abject failure. It is a year in now, and the administration's track record on healthcare is pretty clear. New data came out a few days ago showing that the number of Americans with health insurance dropped by more than 3 million people. That means 3 million Americans are a sudden illness or injury away from the nightmare of personal bankruptcy, having to sell their home or their car or empty a retirement account to escape from under that mountain of medical bills. A very substantial part of that problem stems from the administration's sabotage on the Affordable Care Act. The administration cut the open enrollment period in half. That meant anybody who clicked on the internet, hoping to sign up this month, has found out that they are just too late. They slashed advertising budgets that helped reach the younger and healthier customers that make the private health insurance market affordable. And they made it harder for those having difficulty signing up for coverage to get a little bit of help in person. This sabotage agenda, in my view, is an attack on the kind of health insurance this administration says it is for. They say they are for a private health insurance market, but the fact is, what they have been doing is undermining [[Page S459]] the private health insurance market as part of their effort to undermine the Affordable Care Act. So this policy, perpetrated by a party and the President who professed to want to run this country like a business, certainly doesn't reflect the kinds of sound business practices we see from business leaders in my home State of Oregon. If that wasn't harmful enough, the administration also is allowing fraudsters to, once again, sell junk coverage insurance policies that aren't worth the paper they are printed on. A major part of the Affordable Care Act was laying down basic consumer protections for the private market. It was all about saying that Americans would no longer get stuck with junk insurance that turned out to be worthless when they actually suffered an injury or came down with an illness. I can't tell you what a step backward it is to see the sale of these junk insurance policies. Years ago, when I was director of the Gray Panthers, it was common to see older people buy 15 or 20 private health insurance policies to supplement their Medicare, and they weren't worth the paper they were written on. They were junk. Finally, we got that changed. We passed a law with teeth to change it. But now the Trump administration has, with respect to the private market and the Affordable Care Act, decided to turn back the clock and bring back junk insurance in the private insurance marketplace. So instead of working on a bipartisan basis to make the private health insurance market more affordable and competitive, the Trump administration has sabotaged those markets, hiking the number of Americans without coverage and sticking a whole lot of Americans with junk coverage that, in my view, is virtually guaranteed to fail them when they are most in need. The biggest threat their strategy poses on a basic level is that it wipes out the ironclad guarantee of protection for Americans with preexisting conditions. Guarantee of access to healthcare isn't worth much if you can't afford it, and the Trump administration is doing a bangup job of making healthcare unaffordable for those with preexisting conditions. The Trump administration has also undermined years of progress with respect to women's health. They attack the rule that says women have to be guaranteed no-cost access to contraception--one of the most popular healthcare rules in recent memory. Fortunately, the administration's action on that issue has been held up in the courts, but that is only one part of the anti-women's health agenda that plays out now. Just last week, the Trump administration overturned longstanding protections dealing with States and family ***planning*** providers. This, in my view, is an attack both on a woman's right to see the provider of their choosing and ***Planned*** Parenthood. The administration is also broadening the exceptions that give employers and universities say over what kinds of healthcare women can access. Here is how Mr. Azar described his perspective on that issue when he went before the HELP Committee. He said: ``We have to balance, of course, a woman's choice of insurance that she would want with the conscience of the employers and others.'' We don't have to that. A woman's choice of healthcare is her choice-- her choice and nobody else's. The care she has access to and receives is not up to her employer and not up to her university. It is up to that woman and her physician. And now the administration is even going after protections for LGBTQ Americans. The bottom line is, the administration is doing a lot more to protect the perpetrators of discrimination than the victims. Healthcare is a right in America, but discrimination is not. The way Mr. Azar describes the position he is nominated to fill, it sounds as if he understands it. He said in his confirmation hearing: If I get this job, my job is to ``enhance and protect the health and wellbeing of all Americans.'' But he is not committed to reversing these kinds of anti-discriminatory practices I just described. When I heard Mr. Azar say it would be his job to ``enhance and protect the health and wellbeing of all Americans,'' I couldn't help but think back to the first nomination hearing the Finance Committee had for a Trump HHS nominee. Back then, Tom Price told the committee it would be his job at the Department just to administer the laws passed by Congress. He would be out of the legislative business. Once he got the job, he broke his word, and that has been the norm for the Department over the year. Congress has every reason to believe that is going to continue, regardless of the talking points Mr. Azar and administration officials use. Finally, I want to discuss Medicaid. Just in the last few weeks, the administration has begun giving States a green light to slap new and punitive requirements and other limits on Americans covered by State Medicaid ***Programs***. My bottom line is, Medicaid is a healthcare ***program***. The vast majority of those who count on Medicaid either already have a job or are unable to work due to old age and infirmity. We shouldn't be trying to make life harder for those folks. The action by the Centers for Medicare and Medicaid Services goes after people who are just trying to get by. It is a decision by bureaucrats in Washington, going after Americans who walk an economic tightrope, who might just be trying to take care of kids or elderly parents or struggling with a chronic condition. This looks, on Medicaid, like yet another ideologically motivated attack on a ***program*** that covers vulnerable Americans--all generations, from newborn infants to two out of three seniors. The Trump administration is giving States permission to attack it. Mr. President, I ask unanimous consent for 2 additional minutes. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. WYDEN. Mr. President, in a short while, the Senate will have a cloture vote on Mr. Azar's nomination to run the Department of Health and Human Services. The debate will be about a lot more than that. It is a question of whether the Trump administration should be allowed to take this country backward on health and to discriminate against Americans. It is a question of whether the attacks on Medicaid should continue and whether this administration will be held accountable for its broken promises on lower drug prices, insurance for all, no cuts to Medicare or Medicaid. I regret to say to the Senate today that I have no confidence that Mr. Azar will change course at the Department of Health and Human Services. I do not support his nomination, and I urge a ``no'' vote today. I yield the floor. The PRESIDING OFFICER. Under the previous order, all postcloture time has expired. The question is, Will the Senate advise and consent to the Powell nomination? Mr. WYDEN. Mr. President, I ask for the yeas and nays. The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second. The clerk will call the roll. The legislative clerk called the roll. Mr. CORNYN. The following Senators are necessarily absent: the Senator from Tennessee (Mr. Corker), the Senator from Arizona (Mr. McCain), and the Senator from South Carolina (Mr. Scott). The PRESIDING OFFICER (Mr. Rubio). Are there any other Senators in the Chamber desiring to vote? The result was announced--yeas 84, nays 13, as follows: [Rollcall Vote No. 19 Ex.] YEAS--84 Alexander Baldwin Barrasso Bennet Blunt Boozman Brown Burr Cantwell Capito Cardin Carper Casey Cassidy Cochran Collins Coons Cornyn Cortez Masto Cotton Crapo Daines Donnelly Duckworth Durbin Enzi Ernst Fischer Flake Gardner Graham Grassley Hassan Hatch Heinrich Heitkamp Heller Hirono Hoeven Inhofe Isakson Johnson Jones Kaine Kennedy King Klobuchar Lankford Leahy Manchin McCaskill McConnell Menendez Moran Murkowski Murphy Murray Nelson Perdue Peters Portman Reed Risch Roberts Rounds Sasse Schatz Schumer Shaheen Shelby Smith Stabenow Sullivan Tester Thune Tillis Toomey Udall Van Hollen Warner Whitehouse Wicker Wyden Young [[Page S460]] NAYS--13 Blumenthal Booker Cruz Feinstein Gillibrand Harris Lee Markey Merkley Paul Rubio Sanders Warren NOT VOTING--3 Corker McCain Scott The nomination was confirmed. The PRESIDING OFFICER. The Senator from California. Change of Vote Mrs. FEINSTEIN. Mr. President, on rollcall No. 19, I voted yea. It was my intention to vote nay. I, therefore, ask unanimous consent that I be permitted to change my vote since it will not affect the outcome of the vote. The PRESIDING OFFICER. Without objection, it is so ordered. (The foregoing tally has been changed to reflect the above order.) The PRESIDING OFFICER. Under the previous order, the motion to reconsider is considered made and laid upon the table and the President will be immediately notified of the Senate's action.

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Argentina Pharmaceuticals & Healthcare Report

October 1, 2017 Sunday

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**Length:** 4738 words

**Highlight:** Despite robust market growth fundamentals, the Argentinean pharmaceutical market still presents a number of challenges, which limits its attractiveness to foreign firms, including a lax regulatory environment. Leading multinationals in terms of market share include Bayer, Roche and Novartis (given its long history in Argentina), among others. There has been an increased strength of indigenous manufacturers in Argentina in recent years, with leading players Roemmers and Bagó jointly accounting for over 10% of sales. Additionally, Argentina's growing biotechnology industry will continue to capitalise on the country's skilled workforce.

**Body**

Despite robust market growth fundamentals, the Argentinean pharmaceutical market still presents a number of challenges, including a lax regulatory environment, which limits its attractiveness to foreign firms.However, despite growing pharmaceutical production and exports to Latin America and beyond, Argentina will retain its negative pharmaceutical trade balance and reliance on foreign patented drugs. Argentina is the regional leader in foreign biological medicine approvals and marketing, making it the most appealing country in Latin America for manufacturers of such drugs. The country's reliance on imported biologics will ensure its continued demand for these medicines, particularly as Argentina's negative pharmaceutical trade balance will significantly widen over the next five years.While foreign research-based and many generic drugmakers have superior product portfolios, local firms account for a share of the local market not seen elsewhere in the region. Most local players are focused on branded generic drugs, some of which were developed without much regard for IP provisions. Domestic manufacturers supply around 50% of the retail market as consumers remain faithful to brands.

However, recent years have seen increased pressures on the local industry, in terms of price, competition and pressure to improve intellectual property (IP) compliance, with some players increasingly looking abroad for growth. The highly developed biotechnology industry, one of the most advanced subsectors in Argentina, is pressuring the government for improvements in the IP protection system.Around 71.8% of the domestic market demand is met by locally ***produced*** pharmaceuticals, while imported products supply the other 28.2%. Local production is strongly dependent on imports of active ingredients (APIs), contributing to a trade balance deficit. The country exports around 20% of local production. In 2015, 250 pharmaceutical laboratories were registered in Argentina. In 2013, the 10 leading companies - among which five were Argentine laboratories - accounted for 46.2% of total sales. As of 2015, there are 110 industrial plants in the country, of which 93 are part of domestic-capital firms and 17 of foreign-capital firms. Domestic-capital laboratories account for 59.5% of sales in value terms and 65% in volumes, while foreign-capital firms account for 40.5% of sales in value terms and 35% in volumes.Leading multinationals in terms of market share include Bayer (which stands as the market leader), Roche and Novartis (given its long history in Argentina); as well as Abbott and GlaxoSmithKline, which in mid-2010 acquired Argentina's Laboratorios Phoenix; and France-based Sanofi. US-based IVAX, owned by Israel's Teva, is also an important local player and operates manufacturing facilities in the country. Mexico's Grupo Techsphere also owns production facilities in the country and has looked into acquiring local ***producers***. We expect to see Abbott among the leading companies in updated market share rankings after its acquisition of Recalcine in 2014.Data illustrates the increasing strength of indigenous manufacturers in Argentina, with leading players Roemmers and Bago jointly accounting for over 10% of sales in 2010 (latest available data), with Bayer accounting for 16.5% in the same year, reports BDO as of 2013. Other prominent home-grown firms include Elea - which has a strong presence in the OTC sector - Raffo and Gador. Also, Sidus has drawn international attention for its work developing human insulin from transgenic cattle through its BioSidus biotechnology subsidiary. Research-Based Industry

According to government reports, there were 110 industrial plants in Argentina in 2015. Of these, 93 were national, equal to 84.5% of the total, and 17 were foreign, equal to the remaining 15.5% of the total. According to CILFA about 79% of the pharmaceutical ***producers*** were located in the city and the province of Buenos Aires in 2011; about 51% in the city, 28% in Gran Buenos Aires and 3.5% in the remaining area. Additionally, about 6.5% of the pharmaceutical ***producers*** were located in Santa Fe, followed by Cordoba (5.7%), Tucuman (1.7%), la Rioja (0.7%), Entre Rios (0.7%), Mendoza (0.7%), Rio Negro (0.3%), Neuquen (0.3%), Catamarca (0.3%), Chaco (0.3%) and Misiones (0.3%).In the years following the 2001 economic crisis, several multinational drugmakers were seen to downscale their operations or exit the market completely. Comparatively weak IP protection and the weakness of the peso relative to the US dollar and other regional currencies have meant relatively few companies have returned and few new players have entered the market. Given the market's large size and the growing demand for medicines, however, multinational presence in the country has remained active through imports and new investments over the past handful of years. Local R&D is driven by an advanced biotechnology sector and public sector incentives to promote innovation, including public and private partnerships and the construction of Pilar Biotechnology Park.Argentina has also seen some investment in recent years from pharmaceutical ***producers*** based in other Latin American countries. Between 2003 and 2010, the Weinstein family - a Chilean investment group that controls Recalcine Laboratorio Chile - acquired majority stakes in several Argentine generic ***producers***. By September 2014, when Recalcine was acquired by Abbott for USD2.9bn, Recalcine operated seven manufacturing plants in Argentina. The acquisition positioned Abbott among the 10 largest companies in Latin America.In March 2012, Recalcine invested USD20mn in a facility at the Pilar Industrial Park in Argentina. The new manufacturing plant will have initial capacity to ***produce*** 50mn units of injectable oncology drugs a year. The products, which are 20% cheaper than those from multinationals, will be distributed in Argentina and abroad. They will generate estimated revenue of USD20-30mn a year. **Local Developments In Biotechnology Production** As of March 2016, a report by Endeavour, a foundation focusing on high impact entrepreneurship, highlighted that in the last decade the number of biotech firms in Argentina has duplicated to a total of 178 firms, with this figure expected to increase by 15-25% in the next five years as the sector is showing significant entrepreneurial dynamism ( *see'Research and Development'*).Pharmaceutical R&D activities in the public sector are focused on biotechnology. Historically, investments have been low, concentrated on basic science and developed by public institutions. The 2008-2011 National ***Programme*** for the Public Production of Medicaments, Vaccines & Medical Products, however, has gradually increased the public supply of pharmaceuticals. Developments include the launch of a new consortium to develop monoclonal antibodies for the treatment of cancer, in co-operation with the private sector; a ***plan*** to create the Pilar Biotechnology Park; the launch of a consortium to ***produce*** vaccines against seasonal influenza and influenza A (H1N1), in co-operation with the private sector; and technology transference for the local production of the yellow fever vaccine in Argentina, among others.The Pilar Biotechnology Park aims to bring together companies specialised in biotechnology, including those focused on ***agriculture***, medicines, food and the environment.In addition, the government funded an USD80mn vaccine and biotechnology plant that was opened by Sinergium Biotech in December 2012 in the city of Garin, under an innovative model of technology transfer based on agreements between Sinergium Biotech, Novartis and Pfizer. Sinergium Biotech is a consortium, formed by two national companies, Biogenesis Bago and Elea. The company also has an agreement with the local firm pharmADN.The technology transfer from Novartis provides the technology needed for the development and production of seasonal and pandemic influenza vaccines. Meanwhile, the agreement with Pfizer aims to ensure the local provision of 13-valent pneumococcal conjugate vaccine.Finally, through an alliance with pharmADN, an Argentine laboratory specialized in biotechnology, Sinergium Biotech will ***produce*** monoclonal antibodies.Brazil and Argentina signed a technology transference agreement for the local production of yellow fever vaccines. The technology transference started in March 2010. With this plant, Argentina would become the third worldwide ***producer*** of yellow fever vaccines. **Company Developments** As of April 2017, Sinergium Biotech is to build a USD50mn plant in Buenos Aires, Argentina, for primary antigen production. The new plant will enable Sinergium to fully develop a flu vaccine, as well as other vaccines for different illnesses, using the same technology it will employ for the development of a Zika vaccine to combat the recent outbreak in Latin America. In March 2017, UK international trade minister Greg Hands announced during his visit to South America that up to GBP1bn (USD1.3bn) of support will be available to help UK companies secure business in Argentina. Hands said the UK's expertise in areas like green energy and healthcare will form the basis of new trading relationships with South American countries as the UK leaves the EU (reports GTR). In the same month, Argentine-based Savant Laboratory acquired Szama, specialized in dermatology, for ARS70mn (USD4.6mn), reports Pharmabiz. In March 2017, GlaxoSmithKline signed a tripartite collaboration agreement with Argentina's Ministry of Science, Technology and Productive Innovation and the British research centre Francis Crick Institute. GlaxoSmithKline will spend USD450,000 in three years, so that Argentine scientists from CONICET will travel to the UK with the purpose of developing research related to immunology, oncology and inflammation at the Francis Crick Institute. As part of a broader global concern with the high price of HCV therapies, Gilead will struggle in the Argentine market in terms of price, while its patent claim against an existing local generic version of *Sovaldi* (sofosbuvir) will nonetheless set a strong push on price by the civil society.

**Multinational Market Activity**

| **Company** | **Operations** |
| --- | --- |
| **Novartis** | Novartis operates production, sales and R&D facilities in Argentina, employing around 617 people (Novartis Argentina: 509, Sandoz: 108). In 2012 the firm spent around USD23.4bn on clinical research in Argentina (mainly in general practice medicine, oncology and vaccines). The company's main area is prescription medicines. Novartis was a co-founder of distribution operation Farmanet, with Boehringer Ingelheim, Bayer, Casasco, and Gador. |
| **Pfizer** | Pfizer has been present on the Argentine market since the 1950s and manufactures at a facility in Buenos Aires. The plant's annual output is around 700mn pills and 75mn capsules. About 70% of production is distributed locally, with 20% exported within the Mercosur region. Pfizer also has a pilot plant in Argentina, which it uses to design, manufacture and study different formulations for production. The company employs around 600 staff. |
| **Roche** | Roche has been present in Argentina since 1930, through its subsidiary Productos Roche SA Quimica e Industrial. The company operates production, distribution and marketing facilities in the country. Local offices are located in La Plata, Rosario, Corrientes, Tucuman, Cordoba, Mendoza, and Bahia Blanca. |
| **Sanofi** | Prior to the merger of Aventis and Sanofi-Synthelabo, Argentina was Aventis' base for operations in the Southern Cone region. The company fields most of its key drugs in Argentina - for example, launching Aprovel in the fast-growing and lucrative angiotensin II receptor antagonist segment. The company's vaccines unit Sanofi-Pasteur opened a new EUR60mn (USD80mn) manufacturing plant for its hepatitis B vaccine in the city of Pilar in 2007, with the first investment of its kind in Latin America. Sanofi Argentina has commercial offices in the area of San Isidro. In September 2015 Brazilian Europharma acquired Sanofi's manufacturing plant in Lomas del Mirador in Argentina for USD18mn, although Sanofi's products will continue to be manufactured in the facility through third-party manufacturing agreements. Sanofi has around 650 employees in Argentina, as Europharma acquired Lomas del Mirador plant with its 200 employees. |
| **Merck & Co** | Merck & Co has been present with a commercial sales office in Argentina since 1953. The company operates modern quality assurance facilities in Pilar and conducts some R&D locally, but its production facility was sold to local firm Sidus in 1981. Merck licenses production and carries out local co-marketing activities with the Argentine company. In December 2013, Merck Sharp & Dohme launched a new facility to check the quality of all molecules, biologics and vaccines in Pilar, Argentina. The new facility will also have a packaging line and was built with a total investment of USD11mn, including infrastructure, incorporation of new technologies and the purchase of 17 pieces of equipment. In February 2013, Merck Sharp & Dohme signed a trade agreement with Argentinean local drugmaker Laboratorios Bago to promote its products used in the country's primary care system. |
| **Johnson & Johnson** | Johnson & Johnson has been present in Argentina since 1958. The firm has manufacturing plants in Buenos Aires in the city of Pilar, central offices in San Isidro, and commercial offices in the provinces of Cordoba and Rosario. |
| **GlaxoSmithKline** | GlaxoSmithKline has been present in the Argentine market since 1922. GlaxoSmithKline operates a manufacturing facility in San Fernando, Buenos Aires, as well as marketing and distribution offices, employing around 600 people in the country. GlaxoSmithKline's Argentine site acts as a regional manufacturing centre, supplying Brazil, Paraguay, Chile, Ecuador and Peru, in addition to the local market. |
| **AstraZeneca** | As of information reported in December 2016, by 2019 AstraZeneca will close its manufacturing plant in Haedo, Argentina, which ***produces*** injectables; the company will, however, keep the area of quality control (Pharmabiz).AstraZeneca Argentina operates a manufacturing plant and a complete clinical research team in the country. AstraZeneca has more than 470 employees in Argentina with an extra 25 people working on clinical research (as of July 2014, Pharmaboardroom). |
| **Takeda** | Takeda has an office in Buenos Aires. In Argentina Takeda focuses on areas such as gastroenterology, respiratory diseases and pain treatment, among others, as well nonprescription drugs. |
| **AbbVie** | Abbvie has an office in the Autonomous city of Buenos Aires, Argentina. |

Source: BMI Generic Drugmakers

Local production is dominated by Roemmers, Bago, Elea, Raffo and Gador. Other leading local ***producers*** include Phoenix, Casasco and Baliarda. A number of local generic ***producers*** have modernised and created new manufacturing plants, including Savant, Hexa Ahimsa, Denver Farma, Fabop, Fada Pharma, Richet, Richmond and Veinfar. Traditionally, they have supplied the public sector, but now they are looking to supply the private pharmacy sector. The government runs state ***producers***; they manufacture copycats for the public sector. State ***producers*** can be national, provincial, municipal, university and military. Advancements have been made to realign them, specialise them in certain therapeutic lines, concentrate production in key products and promote Good Manufacturing Practice (GMP) standards. Laboratorio Central de Salud Publica in the province of Buenos Aires ***produces*** the BCG vaccine. Administracion Nacional de Laboratorios e Institutos de Salud Dr Carlos G. Malbran (ANLIS) ***produces*** many vaccines against typical diseases affecting the country. Instituto Nacional de Enfermedades Virales Humanas Dr Julio I. Maiztegui (INEVH) ***produces*** viral vaccines and other immunobiologicals.In June 2011, the Senate approved a law to regulate the public production of medicaments, vaccines and medical products in the country. With the new law, all 39 public ***producers*** will be regulated by ANMAT; only 12 public ***producers*** were regulated by ANMAT, as the remaining ones followed provincial regulations. As a result, public ***producers*** are expected to have preferential treatment when dealing with the government, provinces or the autonomous city of Buenos Aires in the near future.In March 2015, the former minister of health, Daniel Gollan, stressed a focus on expanding local production capacities and increasing the prescription of generics. Recent agreements between the Argentine government and Chinese firm Sinopharm are aimed at enhancing technology transfer, pharmaceutical ingredients provision and creating complementary production capacities among both countries.In 2008 the Ministry of Health launched the National ***Programme*** for the Public Production of Medicaments, Vaccines & Medical Products. Between 2008 and 2011, the ***programme*** was extended to supply pharmaceuticals to the REMEDIAR, and Tuberculosis, Chagas and Sexual & Reproductive Health ***programmes***.The growing importance of generic drug manufacturing in Argentina owes much to the country's traditional strengths as well as its recent problems over the protection of patents on innovative drugs. The market share of domestic manufacturers was 59.5% in value terms in 2010, compared to 56.4% in 2007, although in volume terms, local players have seen their share slip steadily from around 75% in 2005 to 71.3% in 2006, to 61.4% in 2007 and reportedly to 35% in 2010. This could reflect the influx of cheaper generic products from manufacturers in other low-cost Latin American markets and, more recently, Asian countries.In an attempt to offset exposure to the domestic market, local firms are entering new export markets as far afield as Yemen, Pakistan, and Singapore. In their approach to boosting pharmaceutical exports, both government officials and leading local companies are focusing energetically on so-called South-South trade and industrial collaboration - including growing relations with China, India and other emerging markets rather than the richer and more regulated countries of the Northern Hemisphere.In late July 2007, Gador, part of the same industrial group as Roemmers, received US FDA certification for its plant in Pilar, enabling it to export to the US, a market where Argentine players have a strong price advantage, but so far a relatively limited track record. In April 2007, the company received a similar certificate for the Mercosur trade bloc. The company exports around 15% of its annual production and partners local companies in Lebanon and South Korea.In H214 local pharmaceutical company Savant was awarded a 2014 Palladium Balanced Scorecard Hall of Fame (Harvard business case) for Executing Strategy. Savant was founded in 1993 and successfully grew market share and increased profits during its first 12 years, with best total cost strategy through an integrated production process. A new Vision - launched in 2005 - focused on a new Value Proposition: to generate higher margins for pharmacists and more affordable drugs for end consumers. This transformation required the acquisition of intangible assets and development of new internal capabilities. Growth resulted from focus on international business development, innovative market segmentation, and continuing efforts to provide more and better products. After eight years (2005-2012) and completion of two successive ***strategic*** ***plans***, Savant multiplied its revenue 12-fold. Over this same period the number of active clients grew by a factor of 10. Overall equipment effectiveness doubled, revenue per employee grew by 3.5 times, and employee satisfaction reached 80%.In December 2014 the Argentine government reported the creation of a National Agency of Public Laboratories and Medicines (ANLAP). ANLAP, which was established through the Argentine legislature and operates under the Ministry of Health, is responsible for 'coordinating the work of 40 state-run pharmaceutical laboratories to ensure equal market access.' The objectives of ANLAP remain focussed on the promotion of research, industry and technology development along with the promotion of policies which seek to improve medicine accessibility. Pharmaceutical Distribution

As of 2015, the pharmaceutical wholesaler sector was composed of distribution firms or 'distribuidoras' (4 of these concentrate 99% of sales) and 450 intermediaries or 'droguerias' (4 of these concentrate 70% of sales).The leading distribution firms are Rofina (from Roemmers), Disprofarma (asociated to Bago), Farmanet (a society formed by national laboratories Gador and Casasco and multinational firms Bayer, Novartis and Boehringer Ingelheim) and Global Farm (which combines most of US firms).The leading intermediaries are Drogueria del Sud, Drogueria Monroe Americana (Grupo Gomer), Drogueria Suizo Argentina y Drogueria Barracas.The distribution sector is oligopolistic. By contrast, the retail market is highly fragmented (equating to 13,000 pharmacies), in part due to legislation attempting to discourage the concentration of large pharmacy chains in urban areas.The main purchasers remain wholesalers and retail pharmacies, accounting for around 94.2% of the pharmacy sector. CILFA estimates that 86.3% of pharmaceuticals are bought by wholesalers, of which 9.1% goes to hospitals and 77.2% is distributed to pharmacies. Pharmacies purchase a further 7.9% directly from manufacturers. The remaining 5.8% is distributed directly from manufacturers to hospitals, syndicates and co-operatives.Manufacturers entered the wholesale market in the late 1990s. They formed three main wholesalers, Disprofarma, Farmanet and Rofina, which joined forces to create the mega wholesaler FarmaStar and collectively acquire 70% of Drogueria Americana, 41% of Drogueria Helman and 100% of Drogueria Suizo-Barracas and Drogueria Sur Bahia Blanca. FarmaStar has around 85% of the retail pharmacy sector.An additional actor in the flow of the pharmaceutical chain is made by institutions called *gerenciadoras* or *mandatarias*. There are two firms under this sector, Farmalink and Preserfar, which represent leading local and multinational ***producers*** and negotiate contracts with key actors in the health system, including *obras sociales*, hospitals and PAMI, among others, on their behalf.In December 2011, Marken, a leading global clinical supply chain service provider headquartered in the US, said it will build a pharmaceutical depot in Buenos Aires. It will offer a full range of temperature-controlled storage capabilities, supplementing its already operational depots in Mexico and Singapore. The company aims to increase the supply of drugs to previously limited-supply areas, offering a novel service to clients. The new depot will help international pharmaceutical companies distribute drugs to Argentina in a regulated manner. Pharmaceutical Retail Sector

The Argentine retail pharmacy sector, which is dominated by branded patented and generic medicines, has been the key driver of market growth in the past decade, posting double-digit growth rates. Hospital sales account for around 13% of the total pharmaceutical market, while spending at pharmacy retailers represents a considerable 86%. Other distribution channels account for the remaining 1% of the total market value.Pharmacy locations and ownership rules differ between different provinces, but a qualified pharmacist must be present in a pharmacy at all times. Since 2011, the discussion over the sale of OTC medicines in non-pharmacy outlets has intensified. In fact, Buenos Aires district, which was the last region to adopt the ban of OTC sales in non-pharmacy outlets, introduced a legislative proposal to roll back the ban in H214, although the Supreme Court ruled against it in 2015, confirming the national law No. 26,567 for the adoption of the rule that medicines could be only dispensed through pharmacies in 2009.The legislation effectively bans the popular practice of purchasing everyday medicines, such as aspirin, antacids and analgesics, through street kiosks. Supermarkets, gyms, newsagents and hotels were allowed to sell OTC medicine since 1991, but public safety concerns over dispensing violations led to calls for change.Nevertheless, having won their battle against kiosk owners, Buenos Aires' independent pharmacies have shifted their focus to taking on larger retail pharmacies. Aizcorbe said in late 2011: 'Our next goals are to regulate the number of pharmacies within a certain population density and prohibit the sale of medicines and food in one location.' We have previously reported on new pharmacies opening at a rate of 1,500 a year. Local data implies that the local drug retail sector is expanding at 10% per annum, while drug sales have expanded by an annual average of 11% since 2001.The leading chain is Farmacity, which accounted for 1.4% of total pharmacies in the country (189 pharmacies) and 5% of sales as of H213. In 2010, Farmacity had a 10% value share of the retail market, substantially ahead of its main rival Vantage. Unlike smaller independent pharmacies, some of Farmacity's outlets are open 24 hours. Additionally, Farmacity has positioned itself as the market leader by offering a mix of consumer and health products alongside traditional prescription and OTC medicines.In September 2011, however, the province of Mendoza's health ministry said Farmacity's ***planned*** acquisition of 23 pharmacies would not be approved by state regulators. The company intended to rebrand 17 Mitre and six Del Aguila pharmacy chains in 2008 but faced a series of challenges from COFA. COFA and its members, comprised largely of independent operators, said the merger would monopolise the market, introducing unfair competition to the region's already fragile pharmacy sector.The main contention stemmed from a 2004 provincial law (legislation 7303) that forbids an individual entity from owning more than two pharmacies. In 2008, when the deal was first floated, Mitre and Del Aquila operated more than two pharmacies but were exempt under the law's non-retroactivity clause. Farmacity is expected to appeal but we believe the ministry's blockade reflects the increasing difficulties faced by pharmacy chains throughout much of Latin America. Independent pharmacies across Argentina, Brazil and Mexico have complained about large pharmacy chains driving them out of business, but the Mendoza case is the first time a chain operator has had its expansion ***plans*** stopped by direct government ***intervention***.The national government has passed laws to prevent the larger drug retail chains from building a dominant market share, as is the case in neighbouring Chile. Individual provinces have also passed laws to prevent pharmacy concentration, limiting the opening of new outlets within 300m of existing outlets. The policy has preserved locally-owned pharmacies but prevented the achievement of economies of scale or more tightly controlled supply chains seen in more concentrated markets.Cooperative Farmacia Social Congreso is the number-three player in terms of turnover, and Mexican low-price brands Farmacias Similares (Dr Simi) and Farmacias Ahorro (Dr Ahorro), rank fourth and fifth respectively. The former has reportedly closed its remaining outlets in Argentina, citing excessive retail market regulations, but the latter has around 55 locations and continues to open around 10 outlets a year, primarily through franchise agreements. According to local auditing firm BDO Argentina, pharmacies' profitability has also become under higher pressure in recent years, and suffers from 'discount' arrangements that *obras sociales* and *prepagas* offer to patients.As of September 2015, according to Nielsen Census data, pharmacy chains are increasing in Argentina, while independent owners are decreasing. Pharmacy chains increased from a total of 786 in 2009 to 900 in 2015, while independent pharmacies decreased from 14,476 to 14,098 in the same period. In terms of turnover, pharmacy chains gained in market share, increasing from 17% of the market in 2009 to 20.6% in 2015.Leading pharmacy chains include Farmacity and Vantage. Pharmacy chains specialised in generics include Dr Ahorro and Economed; due to bad performance, the Mexican Farmacias de Similares (Dr Simi) has closed its retail operations in Argentina.

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Argentina Pharmaceuticals & Healthcare Report

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**Highlight:** Despite robust market growth fundamentals, the Argentinean pharmaceutical market still presents a number of challenges, which limits its attractiveness to foreign firms, including a lax regulatory environment. Leading multinationals in terms of market share include Bayer, Roche and Novartis (given its long history in Argentina), among others. There has been an increased strength of indigenous manufacturers in Argentina in recent years, with leading players Roemmers and Bagó jointly accounting for over 10% of sales. Additionally, Argentina's growing biotechnology industry will continue to capitalise on the country's skilled workforce.

**Body**

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Developments include the launch of a new consortium to develop monoclonal antibodies for the treatment of cancer, in co-operation with the private sector; a ***plan*** to create the Pilar Biotechnology Park; the launch of a consortium to ***produce*** vaccines against seasonal influenza and influenza A (H1N1), in co-operation with the private sector; and technology transference for the local production of the yellow fever vaccine in Argentina, among others.The Pilar Biotechnology Park aims to bring together companies specialised in biotechnology, including those focused on ***agriculture***, medicines, food and the environment.In addition, the government funded an USD80mn vaccine and biotechnology plant that was opened by Sinergium Biotech in December 2012 in the city of Garin, under an innovative model of technology transfer based on agreements between Sinergium Biotech, Novartis and Pfizer. Sinergium Biotech is a consortium, formed by two national companies, Biogenesis Bago and Elea. The company also has an agreement with the local firm pharmADN.The technology transfer from Novartis provides the technology needed for the development and production of seasonal and pandemic influenza vaccines. Meanwhile, the agreement with Pfizer aims to ensure the local provision of 13-valent pneumococcal conjugate vaccine.Finally, through an alliance with pharmADN, an Argentine laboratory specialized in biotechnology, Sinergium Biotech will ***produce*** monoclonal antibodies.Brazil and Argentina signed a technology transference agreement for the local production of yellow fever vaccines. The technology transference started in March 2010. With this plant, Argentina would become the third worldwide ***producer*** of yellow fever vaccines. **Company Developments** As of April 2017, Sinergium Biotech is to build a USD50mn plant in Buenos Aires, Argentina, for primary antigen production. The new plant will enable Sinergium to fully develop a flu vaccine, as well as other vaccines for different illnesses, using the same technology it will employ for the development of a Zika vaccine to combat the recent outbreak in Latin America. In March 2017, UK international trade minister Greg Hands announced during his visit to South America that up to GBP1bn (USD1.3bn) of support will be available to help UK companies secure business in Argentina. Hands said the UK's expertise in areas like green energy and healthcare will form the basis of new trading relationships with South American countries as the UK leaves the EU (reports GTR). In the same month, Argentine-based Savant Laboratory acquired Szama, specialized in dermatology, for ARS70mn (USD4.6mn), reports Pharmabiz. In March 2017, GlaxoSmithKline signed a tripartite collaboration agreement with Argentina's Ministry of Science, Technology and Productive Innovation and the British research centre Francis Crick Institute. GlaxoSmithKline will spend USD450,000 in three years, so that Argentine scientists from CONICET will travel to the UK with the purpose of developing research related to immunology, oncology and inflammation at the Francis Crick Institute. As part of a broader global concern with the high price of HCV therapies, Gilead will struggle in the Argentine market in terms of price, while its patent claim against an existing local generic version of *Sovaldi* (sofosbuvir) will nonetheless set a strong push on price by the civil society.

**Multinational Market Activity**

| **Company** | **Operations** |
| --- | --- |
| **Novartis** | Novartis operates production, sales and R&D facilities in Argentina, employing around 617 people (Novartis Argentina: 509, Sandoz: 108). In 2012 the firm spent around USD23.4bn on clinical research in Argentina (mainly in general practice medicine, oncology and vaccines). The company's main area is prescription medicines. Novartis was a co-founder of distribution operation Farmanet, with Boehringer Ingelheim, Bayer, Casasco, and Gador. |
| **Pfizer** | Pfizer has been present on the Argentine market since the 1950s and manufactures at a facility in Buenos Aires. The plant's annual output is around 700mn pills and 75mn capsules. About 70% of production is distributed locally, with 20% exported within the Mercosur region. Pfizer also has a pilot plant in Argentina, which it uses to design, manufacture and study different formulations for production. The company employs around 600 staff. |
| **Roche** | Roche has been present in Argentina since 1930, through its subsidiary Productos Roche SA Quimica e Industrial. The company operates production, distribution and marketing facilities in the country. Local offices are located in La Plata, Rosario, Corrientes, Tucuman, Cordoba, Mendoza, and Bahia Blanca. |
| **Sanofi** | Prior to the merger of Aventis and Sanofi-Synthelabo, Argentina was Aventis' base for operations in the Southern Cone region. The company fields most of its key drugs in Argentina - for example, launching Aprovel in the fast-growing and lucrative angiotensin II receptor antagonist segment. The company's vaccines unit Sanofi-Pasteur opened a new EUR60mn (USD80mn) manufacturing plant for its hepatitis B vaccine in the city of Pilar in 2007, with the first investment of its kind in Latin America. Sanofi Argentina has commercial offices in the area of San Isidro. In September 2015 Brazilian Europharma acquired Sanofi's manufacturing plant in Lomas del Mirador in Argentina for USD18mn, although Sanofi's products will continue to be manufactured in the facility through third-party manufacturing agreements. Sanofi has around 650 employees in Argentina, as Europharma acquired Lomas del Mirador plant with its 200 employees. |
| **Merck & Co** | Merck & Co has been present with a commercial sales office in Argentina since 1953. The company operates modern quality assurance facilities in Pilar and conducts some R&D locally, but its production facility was sold to local firm Sidus in 1981. Merck licenses production and carries out local co-marketing activities with the Argentine company. In December 2013, Merck Sharp & Dohme launched a new facility to check the quality of all molecules, biologics and vaccines in Pilar, Argentina. The new facility will also have a packaging line and was built with a total investment of USD11mn, including infrastructure, incorporation of new technologies and the purchase of 17 pieces of equipment. In February 2013, Merck Sharp & Dohme signed a trade agreement with Argentinean local drugmaker Laboratorios Bago to promote its products used in the country's primary care system. |
| **Johnson & Johnson** | Johnson & Johnson has been present in Argentina since 1958. The firm has manufacturing plants in Buenos Aires in the city of Pilar, central offices in San Isidro, and commercial offices in the provinces of Cordoba and Rosario. |
| **GlaxoSmithKline** | GlaxoSmithKline has been present in the Argentine market since 1922. GlaxoSmithKline operates a manufacturing facility in San Fernando, Buenos Aires, as well as marketing and distribution offices, employing around 600 people in the country. GlaxoSmithKline's Argentine site acts as a regional manufacturing centre, supplying Brazil, Paraguay, Chile, Ecuador and Peru, in addition to the local market. |
| **AstraZeneca** | As of information reported in December 2016, by 2019 AstraZeneca will close its manufacturing plant in Haedo, Argentina, which ***produces*** injectables; the company will, however, keep the area of quality control (Pharmabiz).AstraZeneca Argentina operates a manufacturing plant and a complete clinical research team in the country. AstraZeneca has more than 470 employees in Argentina with an extra 25 people working on clinical research (as of July 2014, Pharmaboardroom). |
| **Takeda** | Takeda has an office in Buenos Aires. In Argentina Takeda focuses on areas such as gastroenterology, respiratory diseases and pain treatment, among others, as well nonprescription drugs. |
| **AbbVie** | Abbvie has an office in the Autonomous city of Buenos Aires, Argentina. |

Source: BMI Generic Drugmakers

Local production is dominated by Roemmers, Bago, Elea, Raffo and Gador. Other leading local ***producers*** include Phoenix, Casasco and Baliarda. A number of local generic ***producers*** have modernised and created new manufacturing plants, including Savant, Hexa Ahimsa, Denver Farma, Fabop, Fada Pharma, Richet, Richmond and Veinfar. Traditionally, they have supplied the public sector, but now they are looking to supply the private pharmacy sector. The government runs state ***producers***; they manufacture copycats for the public sector. State ***producers*** can be national, provincial, municipal, university and military. Advancements have been made to realign them, specialise them in certain therapeutic lines, concentrate production in key products and promote Good Manufacturing Practice (GMP) standards. Laboratorio Central de Salud Publica in the province of Buenos Aires ***produces*** the BCG vaccine. Administracion Nacional de Laboratorios e Institutos de Salud Dr Carlos G. Malbran (ANLIS) ***produces*** many vaccines against typical diseases affecting the country. Instituto Nacional de Enfermedades Virales Humanas Dr Julio I. Maiztegui (INEVH) ***produces*** viral vaccines and other immunobiologicals.In June 2011, the Senate approved a law to regulate the public production of medicaments, vaccines and medical products in the country. With the new law, all 39 public ***producers*** will be regulated by ANMAT; only 12 public ***producers*** were regulated by ANMAT, as the remaining ones followed provincial regulations. As a result, public ***producers*** are expected to have preferential treatment when dealing with the government, provinces or the autonomous city of Buenos Aires in the near future.In March 2015, the former minister of health, Daniel Gollan, stressed a focus on expanding local production capacities and increasing the prescription of generics. Recent agreements between the Argentine government and Chinese firm Sinopharm are aimed at enhancing technology transfer, pharmaceutical ingredients provision and creating complementary production capacities among both countries.In 2008 the Ministry of Health launched the National ***Programme*** for the Public Production of Medicaments, Vaccines & Medical Products. Between 2008 and 2011, the ***programme*** was extended to supply pharmaceuticals to the REMEDIAR, and Tuberculosis, Chagas and Sexual & Reproductive Health ***programmes***.The growing importance of generic drug manufacturing in Argentina owes much to the country's traditional strengths as well as its recent problems over the protection of patents on innovative drugs. The market share of domestic manufacturers was 59.5% in value terms in 2010, compared to 56.4% in 2007, although in volume terms, local players have seen their share slip steadily from around 75% in 2005 to 71.3% in 2006, to 61.4% in 2007 and reportedly to 35% in 2010. This could reflect the influx of cheaper generic products from manufacturers in other low-cost Latin American markets and, more recently, Asian countries.In an attempt to offset exposure to the domestic market, local firms are entering new export markets as far afield as Yemen, Pakistan, and Singapore. In their approach to boosting pharmaceutical exports, both government officials and leading local companies are focusing energetically on so-called South-South trade and industrial collaboration - including growing relations with China, India and other emerging markets rather than the richer and more regulated countries of the Northern Hemisphere.In late July 2007, Gador, part of the same industrial group as Roemmers, received US FDA certification for its plant in Pilar, enabling it to export to the US, a market where Argentine players have a strong price advantage, but so far a relatively limited track record. In April 2007, the company received a similar certificate for the Mercosur trade bloc. The company exports around 15% of its annual production and partners local companies in Lebanon and South Korea.In H214 local pharmaceutical company Savant was awarded a 2014 Palladium Balanced Scorecard Hall of Fame (Harvard business case) for Executing Strategy. Savant was founded in 1993 and successfully grew market share and increased profits during its first 12 years, with best total cost strategy through an integrated production process. A new Vision - launched in 2005 - focused on a new Value Proposition: to generate higher margins for pharmacists and more affordable drugs for end consumers. This transformation required the acquisition of intangible assets and development of new internal capabilities. Growth resulted from focus on international business development, innovative market segmentation, and continuing efforts to provide more and better products. After eight years (2005-2012) and completion of two successive ***strategic*** ***plans***, Savant multiplied its revenue 12-fold. Over this same period the number of active clients grew by a factor of 10. Overall equipment effectiveness doubled, revenue per employee grew by 3.5 times, and employee satisfaction reached 80%.In December 2014 the Argentine government reported the creation of a National Agency of Public Laboratories and Medicines (ANLAP). ANLAP, which was established through the Argentine legislature and operates under the Ministry of Health, is responsible for 'coordinating the work of 40 state-run pharmaceutical laboratories to ensure equal market access.' The objectives of ANLAP remain focussed on the promotion of research, industry and technology development along with the promotion of policies which seek to improve medicine accessibility. Pharmaceutical Distribution

As of 2015, the pharmaceutical wholesaler sector was composed of distribution firms or 'distribuidoras' (4 of these concentrate 99% of sales) and 450 intermediaries or 'droguerias' (4 of these concentrate 70% of sales).The leading distribution firms are Rofina (from Roemmers), Disprofarma (asociated to Bago), Farmanet (a society formed by national laboratories Gador and Casasco and multinational firms Bayer, Novartis and Boehringer Ingelheim) and Global Farm (which combines most of US firms).The leading intermediaries are Drogueria del Sud, Drogueria Monroe Americana (Grupo Gomer), Drogueria Suizo Argentina y Drogueria Barracas.The distribution sector is oligopolistic. By contrast, the retail market is highly fragmented (equating to 13,000 pharmacies), in part due to legislation attempting to discourage the concentration of large pharmacy chains in urban areas.The main purchasers remain wholesalers and retail pharmacies, accounting for around 94.2% of the pharmacy sector. CILFA estimates that 86.3% of pharmaceuticals are bought by wholesalers, of which 9.1% goes to hospitals and 77.2% is distributed to pharmacies. Pharmacies purchase a further 7.9% directly from manufacturers. The remaining 5.8% is distributed directly from manufacturers to hospitals, syndicates and co-operatives.Manufacturers entered the wholesale market in the late 1990s. They formed three main wholesalers, Disprofarma, Farmanet and Rofina, which joined forces to create the mega wholesaler FarmaStar and collectively acquire 70% of Drogueria Americana, 41% of Drogueria Helman and 100% of Drogueria Suizo-Barracas and Drogueria Sur Bahia Blanca. FarmaStar has around 85% of the retail pharmacy sector.An additional actor in the flow of the pharmaceutical chain is made by institutions called *gerenciadoras* or *mandatarias*. There are two firms under this sector, Farmalink and Preserfar, which represent leading local and multinational ***producers*** and negotiate contracts with key actors in the health system, including *obras sociales*, hospitals and PAMI, among others, on their behalf.In December 2011, Marken, a leading global clinical supply chain service provider headquartered in the US, said it will build a pharmaceutical depot in Buenos Aires. It will offer a full range of temperature-controlled storage capabilities, supplementing its already operational depots in Mexico and Singapore. The company aims to increase the supply of drugs to previously limited-supply areas, offering a novel service to clients. The new depot will help international pharmaceutical companies distribute drugs to Argentina in a regulated manner. Pharmaceutical Retail Sector

The Argentine retail pharmacy sector, which is dominated by branded patented and generic medicines, has been the key driver of market growth in the past decade, posting double-digit growth rates. Hospital sales account for around 13% of the total pharmaceutical market, while spending at pharmacy retailers represents a considerable 86%. Other distribution channels account for the remaining 1% of the total market value.Pharmacy locations and ownership rules differ between different provinces, but a qualified pharmacist must be present in a pharmacy at all times. Since 2011, the discussion over the sale of OTC medicines in non-pharmacy outlets has intensified. In fact, Buenos Aires district, which was the last region to adopt the ban of OTC sales in non-pharmacy outlets, introduced a legislative proposal to roll back the ban in H214, although the Supreme Court ruled against it in 2015, confirming the national law No. 26,567 for the adoption of the rule that medicines could be only dispensed through pharmacies in 2009.The legislation effectively bans the popular practice of purchasing everyday medicines, such as aspirin, antacids and analgesics, through street kiosks. Supermarkets, gyms, newsagents and hotels were allowed to sell OTC medicine since 1991, but public safety concerns over dispensing violations led to calls for change.Nevertheless, having won their battle against kiosk owners, Buenos Aires' independent pharmacies have shifted their focus to taking on larger retail pharmacies. Aizcorbe said in late 2011: 'Our next goals are to regulate the number of pharmacies within a certain population density and prohibit the sale of medicines and food in one location.' We have previously reported on new pharmacies opening at a rate of 1,500 a year. Local data implies that the local drug retail sector is expanding at 10% per annum, while drug sales have expanded by an annual average of 11% since 2001.The leading chain is Farmacity, which accounted for 1.4% of total pharmacies in the country (189 pharmacies) and 5% of sales as of H213. In 2010, Farmacity had a 10% value share of the retail market, substantially ahead of its main rival Vantage. Unlike smaller independent pharmacies, some of Farmacity's outlets are open 24 hours. Additionally, Farmacity has positioned itself as the market leader by offering a mix of consumer and health products alongside traditional prescription and OTC medicines.In September 2011, however, the province of Mendoza's health ministry said Farmacity's ***planned*** acquisition of 23 pharmacies would not be approved by state regulators. The company intended to rebrand 17 Mitre and six Del Aguila pharmacy chains in 2008 but faced a series of challenges from COFA. COFA and its members, comprised largely of independent operators, said the merger would monopolise the market, introducing unfair competition to the region's already fragile pharmacy sector.The main contention stemmed from a 2004 provincial law (legislation 7303) that forbids an individual entity from owning more than two pharmacies. In 2008, when the deal was first floated, Mitre and Del Aquila operated more than two pharmacies but were exempt under the law's non-retroactivity clause. Farmacity is expected to appeal but we believe the ministry's blockade reflects the increasing difficulties faced by pharmacy chains throughout much of Latin America. Independent pharmacies across Argentina, Brazil and Mexico have complained about large pharmacy chains driving them out of business, but the Mendoza case is the first time a chain operator has had its expansion ***plans*** stopped by direct government ***intervention***.The national government has passed laws to prevent the larger drug retail chains from building a dominant market share, as is the case in neighbouring Chile. Individual provinces have also passed laws to prevent pharmacy concentration, limiting the opening of new outlets within 300m of existing outlets. The policy has preserved locally-owned pharmacies but prevented the achievement of economies of scale or more tightly controlled supply chains seen in more concentrated markets.Cooperative Farmacia Social Congreso is the number-three player in terms of turnover, and Mexican low-price brands Farmacias Similares (Dr Simi) and Farmacias Ahorro (Dr Ahorro), rank fourth and fifth respectively. The former has reportedly closed its remaining outlets in Argentina, citing excessive retail market regulations, but the latter has around 55 locations and continues to open around 10 outlets a year, primarily through franchise agreements. According to local auditing firm BDO Argentina, pharmacies' profitability has also become under higher pressure in recent years, and suffers from 'discount' arrangements that *obras sociales* and *prepagas* offer to patients.As of September 2015, according to Nielsen Census data, pharmacy chains are increasing in Argentina, while independent owners are decreasing. Pharmacy chains increased from a total of 786 in 2009 to 900 in 2015, while independent pharmacies decreased from 14,476 to 14,098 in the same period.In terms of turnover, pharmacy chains gained in market share, increasing from 17% of the market in 2009 to 20.6% in 2015. The presence of a pharmacist is obligatory in each pharmacy, but this does not mean that the owner must be a pharmacist. Recent data also highlights a rise in the number of pharmacies in the city of Buenos Aires and other commercial areas.Leading pharmacy chains include Farmacity and Vantage. Pharmacy chains specialised in generics include Dr Ahorro and Economed; due to bad performance, the Mexican Farmacias de Similares (Dr Simi) has closed its retail operations in Argentina.

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HINA Digest

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**Body**

Zagreb, 16 March 2018 (Hina) - Moody's: Croatia's credit profile reflects fiscal consolidation and stronger institutions set against weak growth potentialZAGREB, March 16 (Hina) - Croatia's (Ba2 stable) credit profile balances its fiscal consolidation and EU membership supporting the strengthening of institutions against credit challenges which include the economy's weak potential growth and the government's slow pace of structural reform, reflected in weak absorption of European Union structural funds, Moody's Investors Service said in a report on Thursday."Croatia's debt-to-GDP ratio looks likely to have fallen below 80% in 2017, a year earlier than we expected and an improvement of almost 4 percentage points since 2016," said Evan Wohlmann, a Moody's Vice President -- Senior Analyst and co-author of the report. "This prudent budget performance allowed Croatia to exit the EU's Excessive Deficit Procedure in June last year and supports our view that the sovereign will be able to maintain fiscal deficits below 3% going forward."Moody's expects Croatia's growth to remain robust in 2018, decelerating slightly to 2.7%, in line with the second half of 2017, moving closer to Moody's medium-term forecasts of 2%-2.5% GDP growth.

Nevertheless, the potential for a disorderly restructuring of Agrokor D.D., Croatia's largest private company, will continue to pose material downside risks to the economy."Domestic demand will remain the key driver of economic growth, with private consumption supported by further improvements in the labour market, wage rises and a robust consumer confidence," the rating agency said."Croatia's susceptibility to event risk is low, despite some degree of political uncertainty continuing to weigh on the policy environment following the formation of a new coalition government in June 2017. Banking sector risks also remain low, supported by improving asset quality and increased domestic lending," it added.Moody's said that upward pressure on the country's rating could develop if the coalition were to introduce economic and fiscal reforms that improved Croatia's long-term economic potential and secured a downward trajectory in public indebtedness closer to the Ba-rated median.It warned that downward pressure might occur if the country is unable to implement a comprehensive structural reform ***programme*** in the coming years, given that such a failure would likely lead to weaker growth and increase its public debt in the long term.Moody's is scheduled to issue its next report on Croatia in August.In January, the Fitch rating agency upgraded Croatia's rating from 'BB' to BB+', with a stable outlookon the back of stable economic growth, a strong tourist season and improved public finances. It was the first upgrade of the country's credit rating since 2004.Of the three leading rating agencies, Fitch keeps Croatia's rating one notch below investment grade,while Standard & Poor's and Moody's maintain it two notches below investment grade. Moody's maintains a stable outlook and Standard & Poor's a positive outlook. Standard & Poor's isexpected to release its report on Croatia this month.HNB Governor: Moody's report in line with expectationsZAGREB, March 16 (Hina) - National Bank (HNB) GovernorBoris Vujcic said on Friday that the latest report made by Moody's about Croatia's credit rating was in line with his expectations, admitting that implementation of ***strategic*** reforms was key to achieving a satisfactorygrowth rate.Furthermore, asatisfactory economic growth will impact the prospects of Croatia's admission to the euro area.On Thursday,Moody's Investors Service said that "Croatia's (Ba2 stable) credit profile balances its fiscal consolidation and EU membership supporting the strengthening of institutions against credit challenges which include the economy's weak potential growth and the government's slow pace of structural reform, reflected in weak absorption of European Union structural funds."However, "downward pressure might occur if the country is unable to implement a comprehensive structural reform ***programme*** in the coming years, given that such a failure would likely lead to weaker growth and increase its public debt in the long term."Moody's expects Croatia's growth to remain robust in 2018, decelerating slightly to 2.7%, in line with the second half of 2017, moving closer to Moody's medium-term forecasts of 2-2.5% GDP growth.Vujcic said in his comment that he kept underscoring that without the implementation of structural reforms, it would be difficult to expect a satisfactory economic growth rate.He notes that all credit rating reports acknowledgethe improvementof the fiscal state of affairs and a relatively positive GDP growth, buton the other handthey point to the absence of structural reforms and potential GDP growth in themedium term.Vujcic called for launching a structural overhaul of a series of sectors, noting that the most significant structural reform in the last 10 years was Croatia's admission to the EU.SDP to submit interpellation against gov't for failure to implement reformsZAGREB, March 16(Hina) - The parliamentary group of the opposition Social Democratic Party (SDP) said on Friday it would submit to parliament an interpellation on the government's work due to failure to implement structural reforms.With the interpellation, the SDP wants the government to report to parliament about the implementation of the 2017 national reform ***programme*** and to report to parliament every two months about reform implementation, and it also wants anational council to be established to oversee the implementation of the national reform ***plan***. Thiscouncil would consist of MPs, representatives of unions, employers, NGOs, the academic community, experts and media.The SDP said the interpellation was promptedby the European Commission's latest reform implementation report which said there was generally no progress in Croatia or it was limited.SDP whip Arsen Bauk said the ECreport "shook (those in power) so much that they even spinned that the prime minister would be one of the candidates for the ECpresident, as if the EC would let these unsuccessful ones run themso that all of the European Union can be as successful as Croatia under the HDZ's rule."This will be the SDP's third interpellation in parliamentary procedure. The previous ones were about the INA oil company and the Ustasha salute.Asked what the opposition would put on parliament's agenda first when the new standing orders allowed it to do that, Bauk said a bill on the ratification of the Istanbul Convention. If the ruling coalition puts the bill on the agenda, the opposition will forward one of its interpellations, he added.HDZ party whip says gov't will implement reforms in 2018ZAGREB, March 16 (Hina) - Following the announced interpellation from the Opposition that criticisesthe government for absence of structural reforms, the whip of the Croatian Democratic Union (HDZ) club in the parliament, Branko Bacic, said on Friday that the cabinet of Prime Minister Andrej Plenkovic would carry out reforms this year.Responding to the criticism from the Social Democratic Party (SDP), Bacic said that the current government would havelessto do hadthe SDP-led government implemented reforms."Reforms are developments that are continuing.They are a dynamicand not static category. Had they been implemented during the (SDP) rule from 2012 to 2016, much fewer obligations wouldhave been imposed on the current government," Bacic said.He recalls that thecabinet has so far implemented a tax reform and also adopted legislation on overhauling companies of systemic importance, which he considers a reform.The judiciary is currently being overhauled and the pension system will be changed by the end of this year, according to Bacic.Intra-party referendums, Istanbul conventionIn reference to a suggestion made by the club of founders of the HDZ in Zadar County about organising an intra-party referendum on the ratification of the Istanbul Convention, Bacic said that the existing statute of the HDZ did not envisage such form of expression of members' positions.This does not mean that a referendum cannot be conducted, Bacic said, adding that the changes of the statute which are in the pipeline provide for such a possibility.Concerninggender ideology, Bacic said that he agreed withHDZ official Davor Ivo Stier about that, however, he could not agree that the Istanbul Convention promotedgender ideology.The said document is the Council of Europe Convention on preventing and combating violence against women. The document is about domestic violence based on the understanding that violence against women is a form of gender-based violence that is committed against women because they are women.Stier says is for fight against violence against women, but against ratifying conventionZAGREB, March 16 (Hina) -Croatian Democratic Union (HDZ) political secretary Davor Ivo Stier on Friday reiteratedthat he was committed to the struggle against violence against women, however, he could not vote in favour of the ratification of the Istanbul Convention.We as Christian Democrats are for the fight against violence against women, and we are seeking formulations that are in accordance withnatural law. Therefore we cannot support the ratification of the Istanbul Convention. However, we can and must support the campaign against violence against women, Stier said.He addedthat in his opinionthe issue would not cause rifts in the party and called for showing respect fordifferent views during the debate on this topic.Stier recalled that in the European Parliament "we voted differently. This is the breadth which the HDZ has thanks to the history of its establishment. It is important not to impose only one approach, we must have this breadth of vision and say that all of us are for the fight against violence against women."The club offounders of the HDZ in Zadar County on Friday proposed that an intra-party referendum be held on the topic of the ratification of the Convention.EC says Slovenia has submitted letter with proposal to sue CroatiaZAGREB, March 16(Hina) - The European Commission confirmed on Friday receipt of a letter from the Slovenian government proposing the filing of a lawsuit against Croatia for its non-compliance with an international arbitration ruling on the Croatian-Slovenian border dispute.EC spokesman Alexander Winterstein confirmed that the EC had received the letter and that it would study it.This is a legal dispute between member states and now the procedure envisaged by Article 259 of the Treaty of Lisbon starts, Winterstein said, adding that the EC was ready to mediate in the dispute as it had done in similar previous disputes.Slovenia ***plans*** to sue Croatia in line with Article 259 due to its non-compliance with the border arbitration ruling.The EC now has three months to respond to Slovenia's proposal. If it accepts it, it takes over the lawsuit. If the EC does not accept the proposal or does not respond to it, the member state which ***plans*** to file the lawsuit may do so before the Court of Justice of the EU. Informulating its position, the EC may call on the two sides to state their positions on the subject of the dispute.Lawsuits between EU member states are very rare and of the six such cases launched so far, only one was successful.Only France managed to win a case against Great Britain over the conduct of British authorities towards French fishermen.As for the other five cases, three were dismissed, in one the parties found a compromise, and in one the plaintiff dropped the case.Asked by Slovenian reporters why the EC treated a legal dispute as a political one and whether the reason for that was the fact that EC President Jean-Claude Juncker and Croatian PM Andrej Plenkovic belonged to the same political group, Winterstein said that there was no room for criticism and that Juncker's position on the matter had been clear, consistent and well-known.Lawsuits must be consensualEU member states may sue one another before the Court of Justice of the EU but they must do so consensually, its president Koen Lenaerts said two months ago.In an interview with the Ljubljana-based paper Dnevnik of December 30, the president of the Luxembourg-based court said that such lawsuits were rare. He would not comment on the subject of the dispute between Slovenia and Croatia.Slovenia has neither grounds nor reasons to sue Croatia, says ministryZAGREB, March 16(Hina) - The Croatian Foreign Ministry said on Friday Slovenia had neithergrounds nor reasons to initiate proceedings against Croatia at theCourt of Justice of the European Union "for allegedly breaching EU law.""As has been stated a number of times already, Croatia will know how to respond," the ministry told Hina after the Slovenian government sent a letter to the European Commission, proposing the filing of a lawsuit against Croatia for its non-compliance with an international arbitration ruling on the Croatian-Slovenian border dispute.Slovenia ***plans*** to sue Croatia in line with Article 259 of the Lisbon Treaty.The Commission today confirmed it received theletter and that it wouldstudy it."We stand ready to mediate aswe have done in the past inlegal disputes of that kind,"spokesman Alexander Winterstein said."This is a legal dispute between member states, one of them making use ofthe procedure set out in Article 259 (of the Treaty of Lisbon)," Winterstein said.President says entrepreneurs like Luksic potential to strengthen cooperationZAGREB, March 16 (Hina) - Entrepreneurs in Chile with Croatian origins like the Luksic family offer great potential to strengthen economic cooperation between Croatia and Chile, President Kolinda Grabar-Kitarovic said on Friday during a visit to that Latin American country.Grabar-Kitarovic met in Santiago with President Sebastian Pinera, who was sworn in five days ago, the Croatian president's office said in a press release.The two officials discussed their countries' friendly relations and ways of using them to strengthen modest economic cooperation between Croatia and Chile which has a large and successful Croat community.The greatest investor from Chile in Croatia is the Luksic Group, owned by the Luksic family who originate from Croatia. They are one of Chile's wealthiest families and own a business empire including mines, banks and hotels.The family is a major investor in Croatia's tourism sector and has purchased hotels from Dubrovnik to Istria.Croatia's military industry is present on the Chilean market with companies such as HS Produkt, Dok-Ing and Sestan-Busch, and there is potential for mutual investment in shipbuilding, tourism, the Rijeka and Ploce ports and commodity trade.The two presidents agreed that it is up to both countries to support further cooperation and remove any obstacles to it. Cooperation is expected to be enhanced with a ***programme*** signed between the two governments on cultural cooperation, the press release said.During her visit to Chile, to last several days, President Grabar-Kitarovic will meet with the Croat community in Santiago, Punta Arenas and Antofagasta, which are the three cities with the largest Croat communities.It is estimated that there are about 250,000 Chileans with Croatian roots, which puts Chile among countries with the largest Croat diaspora in the world.Law on ***Strategic*** Investment Projects passedZAGREB, March 16 (Hina) - Parliament on Friday adopted the Law on ***Strategic*** Investment Projects which is aimed at strengthening the investment climate and makingprocedures forpreparing investment projects simpler and faster.The law lowers the value of an investment to be considered as a ***strategic*** project from the current HRK 150 million to HRK 75 million,while the value ofprojects in areas of special state concern, islands and those from the farming production sector, fisheries and forestry isreduced from 20 to 10 million kuna.Guarantees as proof of financing will also bechanged. Until now investors were required to make a deposit or provide a bank guarantee for 10% of the total value of a project whereas under the new law, the amount of that deposit is being reduced to 5%. A bank letter stating that it is prepared to finance a project will also be considered as a source of financing. Investments made during the project's preparation will also be recognised if that value accounts for at least 5% of the total value of the project.Parliament also amended the Law on Obligatory Relations and decided that several bills would receivesecond reading, including a setof six judicial bills which will merge misdemeanour courts with municipal courts and define new procedures for the Supreme Court and chief state prosecutor.The government described the package as a mini judicial reform while the Opposition claimed that these were just cosmetic touch ups.The national legislature took note of reports by the Steering Councilof the HINA news agency for 2014 and 2015 and adopted the 2016 report.Parliament adopts Family Farms ActZAGREB, March 16(Hina) - Parliament on Friday passed the Family Farms Act which is expected to lead to an improvement of the situation in ***agriculture***, enable distinguishing family farms from other businesses, and help bring order to the market of ***agricultural*** and food products.The law was adopted with 77 votes for. The opposition Peasant Party (HSS) and Bridge, revolted that the government had turned down all 30 opposition amendments, staged awalk out before the vote, while the rest of the opposition abstained.The law is aimed at motivating families to run their farms and discouragingthe fragmentation of production resources. It stipulatesthata family farm's production resources which are imperative for its operation and are itsmain source of income, are exempt from seizure, as is the property necessary for the family'saccommodation. The law also provides for fewer administrative and fiscal barriers.Deputy parliament speaker receives World Jewish Restitution Organization delegationZAGREB, March 16(Hina) - Deputy Parliament Speaker Zeljko Reiner on Friday received a delegation of the World Jewish Restitution Organization to discuss stepping up the restitution of property seized during and after WWII and possible changes to the law on the restitution of property seized in the former Yugoslavia.Reiner said there was clear political will to processthe remaining claimsfor property restitution or compensation submitted by Jewsand other ethnic groupsin Croatia, parliament said in a press release.He informed the delegation about the work of a task force overseeing progress inrestitution matters, saying Croatia had a responsible approach to the resolution of all issues stemming fromtheTerezin Declaration.Reiner said 55,000 property restitution claims had been filed and that 45,000 had been resolved. He said data were not broken down byreligionand ethnicity, so it was not possible to establish how many Jewish claims had been resolved, but that unofficially information put the number to at least 244.US Special Envoy for Holocaust IssuesTom Yazdgerdi voiced hope that models would be found as soon as possible to resolve the remaining property restitution or compensation claims. He underlined the need to amend the law on compensation for Holocaust survivors.The interlocutors agreed that it is necessary to continue the dialogue ofCroatian institutions with Jewish organisations and the US and Israeli governments regarding property restitution and other topics.The talks were attended by the US and Jewish ambassadors to Croatia.Monument commemorating Holocaust victims to be unveiled in Zagreb by 8 May 2019ZAGREB, March 16(Hina) - A monument commemorating the Holocaust victims is expected to be erected outside Zagreb's central train station by Zagreb Liberation Day, May 8, 2019, a news conference heard after talks between Zagreb Mayor Milan Bandic and the Special Envoy for Holocaust Issuesat the US Department of State, ThomasYazdgerdi.The US official told reporters that he and Bandic discussed ways of commemorating the Holocaust victims andthe importance of educating young people about what happened in Croatia and Europe in World War II, adding that the US and Israeli governments appreciated efforts that were being made in that regard.Yazdgerdi said the talks also discussed specific issues such as the construction of a synagogue and a monument to the Holocaust victims, noting that it was important that there was a will to include all relevant stakeholders in the process.Zagreb Deputy Mayor Jelena Pavic Vukicevic told reporters that they also discussed the construction of a museum of tolerance and a special cultural centre, adding that Zagreb consistently assisted in commemorations at the Jasenovac Memorial Centre and the centre's maintenance.The ***planned*** Holocaust monument will be unveiled outside Zagreb's Central Train Station by Zagreb Liberation Day, May 8, 2019, as a reminder to all who visit the capital as well as its residents of the horrors of World War II, which must never happen again, she said.The construction of a synagogue and a cultural centre is a matter of agreement between the two Jewish communities in Zagreb, the government and the city authorities, said Pavic Vukicevic.She said that she hoped that their cooperation would show that Zagreb was an open and safe city and that there was room for everyone in it and that the cooperation with the Jewish community would be even better.Croatian FM, Irish parliament speaker agree bilateral relationsvery goodZAGREB, March 16 (Hina) - Croatian Foreign and European Affairs Minister Marija Pejcinovic Buric and Irish Parliament SpeakerSean O Fearghailheld talks in Zagreb on Friday and on that occasion they expressed satisfaction with the two countries' very good bilateral relations, according to a press release issued by the Croatian ministry.Pejcinovic Buric andO Fearghailunderscored the need to boost trade between the two countries which currently stands at 80 million euros.They also discussed topics pertaining to the European Union, Great Britain's exit from the Union, EU enlargement and Croatia's presidency over the EU in the first half of 2020.Ceann Comhairle of Dail Eireann, who ison an official visit to Croatia, on Thursday met his Croatian counterpart, Parliament Speaker Gordan Jandrokovic, and Prime Minister Andrej Plenkovic.O Fearghail said that Ireland acknowledged thegreat contribution that Croatian immigrants made tothat western European country.An estimated 20,000 Croats currently live in Ireland.The talks also touched upon culturalcooperation in light of the fact that in 2020, the European Capitals of Culture will be the Croatian Adriatic seaport of Rijeka and the western Irish city of Galway.Divjak promises additional support for scientists involved in ERC projectsZAGREB, March 16 (Hina) - Science and Education Minister Blazenka Divjak met on Friday with the President of the European Research Council, Jean-Pierre Bourguignon, announcing after the meeting that Croatia would provide additional support for those scientists who had received grants from that European institution as well as those scientists who had met its criteria but missed out on grants.The European Research Council (ERC) is a body launched ten years ago by the European Union to provide financial support toinvestigator-driven frontier research across all fields, on the basis of scientific excellence.To date it has funded about 8,000 projects which ***produced*** about 800 patents, won six Nobel Prizes and many other awards. The ERC's budget for the period 2014-2020 amounts to 13 billion euro, explained Minister Divjak and Prof. Bourguignon, who also held talks with Prime Minister Andrej Plenkovic and representatives of the Croatian academic community.The ERC has three projects in Croatia, headed by DrIva Tolic of the Rudjer Boskovic Institute, DrVernesa Smolcic ofthe Zagreb Faculty of Science and DrStipan Jonjic of the Faculty of Medicine in Rijeka. Another 19 Croatian scientists have received funding from the ERC but they do not reside in Croatia.Prof.Bourguignon singled out DrTolic as the 5,000th recipient of an ERCgrant, underscoring that she impressed him with her "resolve and vision".She is an excellent example of a brilliant scientist and the fact that science has no borders. Following a significant international career, she received a grant in Germany and took it to her home country, which is an example of brain circulation, Bourguignon said.Minister Divjak underscored that Prof. Bourguignon's visit was an opportunity to make ERC projects more visible but also to agree on cooperation in several areas."We primarily want to improve the success rate of Croatian applicants for ERC projects, strengthen the participation of Croatian researchers in various panel discussions that evaluate research projects as excellent as these, and create similar procedures and schemes in Croatia so that we can be more successful," Divjak said."We also agreed that project leaders financed by the ERC should have the right to be employed at the expense of the state budgetas well as that projects that have been assessed with the highest score but missed out on grants, should be given state support so that they can apply once again," Divjak announced.Bourguignon said that Croatia hadto act today already and invest in excellence, adding that key reforms in that regard were already underway.Excellence has proven that investing in it works. Those countries that today have good conditions for research are countries that have wisely and patiently invested in science, he said.Nurture and invest in your bright young minds who have a curiosity for science, givethem the freedom for that curiosity and set up a system that is based on achievement and research results, Bourguignonconcluded.ERC president visits Rudjer Boskovic InstituteZAGREB, March 16 (Hina) -As part of his visit to Croatia, the President of the European Research Council (ERC), Jean-Pierre Bourguignon, on Friday visited Zagreb's Rudjer Boskovic Institute (IRB) where he was informed in detail about two ERC projects being conducted by IRB researchers Iva Tolic and Ana Suncana Smith as the project leaders.Of a total of five Croatian projects that have received ERC grants, two, worth 3.5 million euros, are being conducted at IRB and they aregroundbreaking projects leading to new insights, the IRB said in a press release.ERC grants are often referred to as the science Oscars.Tolic's project - A new class of microtubules in the spindle exerting forces on kinetochores - NewSpindleForce - has received a grant of more than 2 million euro for a period of five years.Smith's project -Biological Membranes in Action: A Unified Approach to Complexation, Scaffolding and Active Transport - MEMBRANESACT - has received a grant of 1.5 million euro.Thanks to those projects, Tolic and Smith have formed their own groups, employed young researchers and equipped their laboratories with state of the art equipment. They have already achieved significant scientific results and published them in leading science journals.During his visit to the IRB, Bourguignon met with the leaders of other projects being financed by the ERC- VernesaSmolcic and Neven Zitomir Barisic of Zagreb's Faculty of Science (PMF) and StipanJonjic of the Faculty of Medicine in Rijeka. He also met with Zagreb University Deputy ChancellorMilos Judas, PMF Dean Aleksandra Cizmesija and IRB Director David Matthew Smith.It is a great honour for the IRB to be able to welcome the first man of themost prestigious European research organisation, which confirms the exceptionally positive reputation the IRB has in international science circles,Smith said.In addition to the PMF, the IRB is the only research institution in Croatia that has two projects financed by the ERC, Smith said, adding that he wasparticularly pleased that the projects financed by the ERC were led bytwo young scientists who had engaged excellent young researchers and hadalready achieved results that were changing existing scientific insights.Minister says new Conflict of Interest Act will be adopted by parliament, not RimacZAGREB, March 16(Hina) - Public Administration Minister Lovro Kuscevic said on Friday the new conflict of interest act would be adopted by parliament and not Josipa Rimac, the state secretary at his ministry at the helm of a teamdrawing up the bill against whom the Conflict of Interest Commission has instigated proceedings."Josipa Rimac is coordinating the work of the group which consists of experts from the academic community and the relevant ministries, and the former chair of the Conflict of Interest Commission, Dalija Oreskovic, used to be a member of the team. It's up to them to draw up the new law. The law will be adopted by parliament and not Rimac or anyone else," Kuscevic told reporters.They had asked him to comment on the fact that the team was headed by Rimac, who broke the Conflict of Interest Act due to the disproportion of her declaration of assets and her actual assets.Kuscevic said the new law would contribute to reducing the possibility of private influence and private conflict of interest by persons in public office.As for Oreskovic's statement that she would leave the team, he said she had been on the team for several months and participated in several meetings on the new law at hisministry. "Whether she wants to continue to cooperate is her business."Security forum on cyber, energy challenges starts in ZagrebZAGREB, March 16(Hina) - An international security forum opened in Zagreb on Friday, focusing on ways of identifying and dealing with cyber and energy securitychallenges and different forms of hybrid warfare, with the aim of defining ways of organising and protecting critical infrastructure.The two-day forum was organised by the Institute for Hybrid Conflict Research and the association "Sv. Juraj".Institute head Gordan Akrapsaid that critical infrastructure were all facilities, systems and processes on which stateefficiency depended and without which individual segments of the state could not function.The law on critical infrastructure defines, with the help of various criteria, 11 sectors containing critical infrastructure in situations such as disasters, security threats, a largenumber of casualties, business or financial damage, and exerting influence on publicperception of the ability of companies, institutions or state to deal with security challenges.Those criteria should be used to define critical infrastructureand that is a serious process and requires professional and scientific discussion, Akrap said, noting that this could be the basis for building an efficient and safe future of the Croatian state.Attempted influence operations - Agrokor, LNG terminal...There is hybrid activity and influence in Croatia, and our country has been exposed because as a member of the EU and NATO it has been positioning itself within the security system and has defined its national interests, said Akrap.He cited in that context Agrokor, the ***planned*** LNG terminal on Krk island, statements by the Russian and US ambassadors in that context, as well as Croatia-Serbia debates about Cardinal Alojzije Stepinac in the context ofa recent exhibition on the World War II Jasenovac concentration camp at the United Nations, which, Akrap said, "is a clear example of an attempted influence operation."Poorly ***planned*** influence operations always return as a boomerang, mostly to those who launch them, said Akrap.Akrap: Some media knowingly or unknowingly disseminate misinformationAkrap said that he could not rule out possible media hybrid warfare in Croatia, adding that in combating such hybrid warfare it is necessary to focus on the consistency, credibility and completeness of information presented in public.There are media outlets that spread misinformation either knowingly or unknowingly, Akrap believes.Croatia is located in an area where various geostrategic interests intersect, and the former Cold War or special war today is known as hybrid activity or conflict, Akrap added.Security-Intelligence Agency (SOA) head Daniel Markic said that certain challenges existed that were encountered by all EU and NATO countries and confirmedthat hybrid activity existed in Croatia.We are concerned about the issue of terrorism, all types of extremism that appearin our neighbourhood and in the EU,and about allphenomena that cause concern for our citizens, such as organised crime and corruption, said Markic.Energy policy must contribute to economy's competitiveness, says ministerZAGREB, March 16(Hina) - Environmental Protection and Energy Minister Tomislav Coric said on Friday that contributingto the competitiveness of Croatia's economy was one of the challenges of the energy policy.Opening a conference on greenfield investments in Medulin, he said the main goals of the energy policy were to reduce dependence on energy imports by halting the decline in domestic output, investing in production from the potential at Croatia's disposal, and ensuring an appropriate energy mix with lower carbon dioxide emissions."I believe the energy sector can significantly contribute to Croatia's overall development in the next ten years or so by reducing the importand increasing the export of energy sources and by hiring the construction sector for new infrastructure projects," Coric said.Crucial for that is drawing up an energy strategy, which will be ready by the end of this year, he added.Croatia imports 40% of electricity, 80% of oil and 40% of gas, he said, adding that a new hydrocarbon exploration and exploitation bill was in parliamentary procedure."The oil and gas production trend, considering the reserves at our disposal, can be turned around by 2030. By summer there will be a tender for hydrocarbon exploration on land. We can assume there are large quantities of oil and gas at exploration fields on land."In case of new discoveries, the share of domestic production in oil consumption can reach 30% by 2030, while the share of domestic gas production could reach 53%, Coric said.As for the hydro potential, he said there were over 60 projects for small hydroelectric power plants.He highlighted the Senj-Kosinj hydroelectric power plant, a large HEP power utility project, saying it was one of the most important energy projects in decades on which work could begin next year.French sales for summer package arrangements in Croatia rise 45%ZAGREB, March 16(Hina) - The demand for vacations in Croatia is rising in France again this year, with a 45% jump in sales and bookings of summer package arrangements, Croatia's National Tourist Board (HTZ) said on Friday, based on information from the French market and this week's worldtourismfair in Paris.Croatia is attending the March 15-18Salon Mondial du Tourisme, one of the biggest tourism fairs in France featuring over 500 world destinations."France represents a very potent market for Croatia wherewe have been recording excellent tourist turnover results in recent years. Together with key partners, we are working on increasing the number of flights, which is one of the key prerequisites for further growth and keeping up the positive trends," said HTZ director Kristjan Stanicic.He said the information about the 45% increase in sales for Croatia came from the French association of tour operators SETO.The head of the HTZ's French office, Danijela Mihalic Djurica, recalled that over 540,000 French tourists stayed in Croatia last year, generating a record 2.1 million nights, up 9% and 5% on the year respectively."We are especially pleased by the increases in the shoulder seasons in the Croatian regions whichthe French have not visited in majornumbers, which certainly has been helped by promotional activities in regions introducing direct flights to Croatia. The tourism promotion on the French market continues next week at the active tourism fair in Lyon," she said.After that, Croatia's tourismand maritime heritagewill be presented in Sete in the south of France at an event drawing 300,000 visitors at whichCroatia and Italy will be guests of honour, she said, adding that traditional Croatian boats would arrivethere for the occasion.There are over 1,000 homeless people in Croatia, shelters can accommodate only 420 - conferenceZAGREB, March 16 (Hina) - Currently there are over 1,000 homeless people in Croatia and the existing shelters can accommodate only 420, while about 500 live rough, a conference on psychosocial support and the integration of homeless people said in Zagreb on Friday, citing data from the Croatian Network for the Homeless."Thanks to the cooperation between the Municipal Office for Social Protection and Persons with Disabilities, the Red Cross and the Caritas charity of the Zagreb Archdiocese, there is enough accommodation for the homeless people in Zagreb and none of them should be living in the street, without a roof over their heads," Caritas director Jelena Loncar said at the conference.Caritas is trying to integrate as many homeless people as possible and help them back on their feet as part of a three-year ***programme*** co-financed by the Ministry of Demography, Family, Youth and Social Policy. The ***programme*** is in its second year of implementation, covering 44 beneficiaries.Loncar said that seven of the beneficiaries had found work and left the shelter, five were working as part of the Croatian Employment Service public works scheme and nine were doing casual work. She said that 56 volunteers had been involved in the ***programme***, donating 713 hours of volunteer work, and added that more than 80 percent of the beneficiaries were pleased with the ***programme***."People end up in the street for financial, economic or family reasons. Psychosocial support is very important when they find themselves in the shelter. Their self-confidence is shaken and they need the strength to get back to the community," Loncar said.Margareta Madjeric, state secretary at the Ministry of Demography, Family, Youth and Social Policy, said that the ***programme*** was ***producing*** good results. "Without integration at national level, without the support of central and local government, civil society organisations, religious communities and the Red Cross, these people would not be able to live without their care. That's why it is important to finance projects like this," she said.The head of the Municipal Office for Social Protection and Persons with Disabilities, Romana Galic, said that the City of Zagreb annually donated HRK 3.2 million to Caritas and the Red Cross for accommodation services. She noted that local government units were required by the law to provide financial assistance for the accommodation of homeless people, which the City of Zagreb has been doing since 2007.57.4% of adult Croats and 35% of children considered overweightZAGREB, March 16 (Hina) - Croatia observed Obesity Awareness Day on 16 Marchin order to raise awareness of the causes and consequences of being fatgiven that 57.4% of adults and 34.9% of children in the country are considered overweight.In Croatia, just as in Europe, more than a half of the adult population has more body fat than is optimally healthy.18.7% of the adult population isperceived as obese.Broken down by gender, one in five men (20.8%) is considered overweight or obese, as are 16.8% of women, according to data presented by the Croatian Institute of Public Health (HZJZ).As many as 34.9% of children havemore body fat than is optimally healthy. The share of children with weight issues increased by 15% over the past 12 years.Bosnjak wins bronze, first medal for Croatia at Winter Paralympic GamesZAGREB, March 16 (Hina) - Croatia's Bruno Bosnjak won the bronze in the men's snowboarding banked slalomatthe ongoing Winter Paralympic Games in PyeongChang on Friday.Bosnjak grabbed the bronze in the second run, and the winner of the event was U.S competitorNoah Elliott.Bosnjak said he was happy to ensure the first evermedal for Croatia at the Winter Paralympic Games.Western Balkan countries resolved to make progress in reaching EU membershipZAGREB, March 16 (Hina) -The foreign ministers of six Western Balkan countries aspiring for European Union membership (WB6) on Friday confirmed in Sarajevo that their governments would continue to implement the reforms necessary for EU membership and that they would work on strengthening stability and cooperation in the region.The Sarajevo conference brought togetherthe foreign ministers of Bosnia and Herzegovina, Serbia, Kosovo, Montenegro, Macedonia and Albania as well as Bulgaria's Foreign Minister Ekaterina Zakharieva andDirector General for Enlargement at the European Commission, Christian Danielsson.The ministers adopted a joint statement underscoring their preparedness to fulfill the criteria required for full membership in the European Union.In early February the EU released its strategy for the Western Balkans confirming that the aspirants in the region can jointhe Union when they fulfill the set criteria. Based on the document, Serbia and Montenegro are the closest to possibly joining the union in 2025, followed by Macedonia and Albania and lastly Bosnia and Herzegovina and Kosovo.The ministers agreed that credible prospects for EU membership is a key incentive to implement reforms and carry outthe ***plan*** to strengthen regional stability and improve its transport and energy connectivity.Their statement confirmed that the WB6governments remain committedto strengthening thegood neighbourly relations in the region, and to the fight against organised crime, terrorism and violent extremism and illegal migration.The foreign ministers urgeEU memberstates to keep their attention onthe Western Balkans and leave the door open for European Union aspirants in the region.Bosnia's foreign minister, Igor Crnadak, told reporters that it was agreed that the EU's new strategy hadencouraged positive processes in the region. He confirmed that the talks in Sarajevo also touched on preparations for an EU-Western Balkans summit to be held in Sofia in May."Our expectations are justifiably high and we are determined to see that summit producegood results," Crnadak said and recalled that a high-level meeting was scheduled for July in London as part of the Berlin process of regional cooperation through infrastructure projects and economic growth.Bulgaria's Minister Zakharieva said that her country wanted to makethe European integration process in the Western Balkans unstoppable."That means that we will not only just talk but that we will take concrete measures and steps that will be visible to citizens," she said and added that from her point of view, that means to physically but also mentally connect people in the region.Danielsson confirmedthat the Western Balkans was a priority for the Union.The strategy is very clear: It means prospects of European membership for all countries in the region and the rules for everyone are the same and clear. It is clear what has to be done to progress, he said.He citedpriorities such as the rule of law, economic reforms and the very important issue of reconciliation.It is essential to see real progress in these areas, he said.In other news:Place2Go travel show opens in Zagreb ArenaZAGREB, March 16 (Hina) - The seventh international travel show Place2Go opened in the Zagreb Arena on Friday, attracting over 200 exhibitors from Croatia and 20 othercountries.Opening the show, State Secretary for Tourism Frano Matusic emphasised the importance of exhibitions like this for promoting cooperation in the tourism sector and learning about new trends, innovations and new destinations.The organiser Damjana Domanovac said she was pleasantly surprised by a considerably larger number of exhibitors than last year, adding that she expected more than last year's 15,000 visitors.Among the travel destinations being promoted for the first time are Zanzibar, Ivory Coast andthe Seychelles. The exhibition will be accompanied by various events such as panel discussions and prize competitions, including one organised by Turkish Airlines which is celebrating 20 years of operation in Croatia.The show closes on Sunday, and admission is free.Croatia's retail sales up for 41 straight monthsZAGREB, March 16 (Hina) - Croatia's retail sales increased by 6.1% in January 2018 compared with January 2017, growing for 41 months in a row, mostly thanks to a jump in new car sales, according to data from the National Bureau of Statistics (DZS) released on Friday.Retail sales rose by 1.0% over December 2017 and jumped by 6.1% over January 2017. The increase is considerably higher than in December last year, when retail sales grew1.5% year on year, and is the fastest growth since last August.Three economic analysts polled by Hina had expected annual retail sales growth of 2.9% on average, their projections ranging from 2.7% to 3.0%.The January growth rate marked the continuation of the positive trend, given that an annual drop in retail sales was last recorded in August 2014.In January 2018, compared with January 2017, new car sales jumped by 30.8%, sales in food, drinks and tobacco rose by 0.5%, while sales in non-food products went up by 11.7%.The rise in retail sales in January can be ascribed to delayed purchases of cars last year because of reduced taxes that took effect at the start of this year, analysts atRaiffeisenbank Austria (RBA) said in their comment on the DZS report.Number of industrial workers down 0.2% year on yearZAGREB, March 16(Hina) - The number of industrial workers in Croatia fell by 1.0% in January 2018 compared with the previous month and by 0.2% compared with January 2017, according to figures from the National Bureau of Statistics (DZS).Broken down by main industrial groupings, in January 2018 compared with December 2017 the number of workers decreased by 3.6% in energy production, by 1.5% in production of non-durable consumer goods, by 0.7% in capital goods production and by 0.1% in production of intermediate goods. At the same time, the number of workers rose by 0.7% in production of durable consumer goods.Compared with January 2017, the number of workers increased by 3.3% in intermediate goods production, while declining by 0.8% in capital goods production, by 0.9% in non-durable consumer goods production, by 8.2% in energy production, and by 1.7% in durable consumer goods production.Compared with January 2017, work productivity increased by 3.3%.Consumer prices in Feb increase 0.8% annuallyZAGREB, March 16(Hina) - In February 2018, consumer prices in Croatia fell 0.1% on the month, while their yearly increaseslowed down to 0.8%, reaching thelowest level since July 2017, when the yearly increase was also 0.8%, the national statistical office said on Friday.The February 2018 data show that inflation slowed down annually for the third month in a row. In January 2018, consumer prices went up 1.1% year on year, in December 2017, they went up 1.2%, while in September, October and November, they went up 1.4% each month.In February 2018, the highest annual increase was recorded in restaurantand hotel prices(3.8%), followed by alcohol and tobacco prices (+2.6%), housing, water, electricity, gas and other fuel prices (+2.2%), and goods and services (+0.9%).Month on month, consumer prices fell for the third month in a row in February 2018. After a monthly decrease of 0.3% in December 2017 and 0.2% in January 2018, in February the prices of personal consumption goods and services fell 0.1%, clothes and footwear prices fell 0.7%, transport prices fell 0.5%, whilehousing, water, electricity, gas and other fuel prices fell 0.2%.Indices slip slightly amid poor tradingZAGREB, March 16 (Hina) - The main Zagreb Stock Exchange indices dropped mildly on Friday amid light trading and not one stock crossedthe million kuna mark.The Crobex closed the week at 1,843.11 points, down 0.02% from Thursday while the specialised Crobex10 slipped by 0.01% to 1,069.79 points.Regular turnover was a mere HRK 3.62 million or 4.47 million less than on Thursday.The highest turnover of HRK 621,700 was generated by Koncar - Electrical Industry. The price of its shares dropped by 0.75% to HRK 660.(EUR 1 = HRK7.437332)THIS BULLETIN INCLUDES ITEMS RELEASED BY 2100 HRS FRIDAY. (Hina) rml Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, March 16 (Hina) - Croatia's (Ba2 stable) credit profile balances its fiscal consolidation and EU membership supporting the strengthening of institutions against credit challenges which include the economy's weak potential growth and the government's slow pace of structural reform, reflected in weak absorption of European Union structural funds, Moody's Investors Service said in a report on Thursday.

ZAGREB, March 16 (Hina) - National Bank (HNB) GovernorBoris Vujcic said on Friday that the latest report made by Moody's about Croatia's credit rating was in line with his expectations, admitting that implementation of ***strategic*** reforms was key to achieving a satisfactorygrowth rate.

ZAGREB, March 16(Hina) - The parliamentary group of the opposition Social Democratic Party (SDP) said on Friday it would submit to parliament an interpellation on the government's work due to failure to implement structural reforms.

ZAGREB, March 16 (Hina) - Following the announced interpellation from the Opposition that criticisesthe government for absence of structural reforms, the whip of the Croatian Democratic Union (HDZ) club in the parliament, Branko Bacic, said on Friday that the cabinet of Prime Minister Andrej Plenkovic would carry out reforms this year.

ZAGREB, March 16 (Hina) -Croatian Democratic Union (HDZ) political secretary Davor Ivo Stier on Friday reiteratedthat he was committed to the struggle against violence against women, however, he could not vote in favour of the ratification of the Istanbul Convention.

ZAGREB, March 16(Hina) - The European Commission confirmed on Friday receipt of a letter from the Slovenian government proposing the filing of a lawsuit against Croatia for its non-compliance with an international arbitration ruling on the Croatian-Slovenian border dispute.

ZAGREB, March 16(Hina) - The Croatian Foreign Ministry said on Friday Slovenia had neithergrounds nor reasons to initiate proceedings against Croatia at theCourt of Justice of the European Union "for allegedly breaching EU law."

ZAGREB, March 16 (Hina) - Parliament on Friday adopted the Law on ***Strategic*** Investment Projects which is aimed at strengthening the investment climate and makingprocedures forpreparing investment projects simpler and faster.

ZAGREB, March 16(Hina) - Parliament on Friday passed the Family Farms Act which is expected to lead to an improvement of the situation in ***agriculture***, enable distinguishing family farms from other businesses, and help bring order to the market of ***agricultural*** and food products.

ZAGREB, March 16(Hina) - Deputy Parliament Speaker Zeljko Reiner on Friday received a delegation of the World Jewish Restitution Organization to discuss stepping up the restitution of property seized during and after WWII and possible changes to the law on the restitution of property seized in the former Yugoslavia.

ZAGREB, March 16(Hina) - A monument commemorating the Holocaust victims is expected to be erected outside Zagreb's central train station by Zagreb Liberation Day, May 8, 2019, a news conference heard after talks between Zagreb Mayor Milan Bandic and the Special Envoy for Holocaust Issuesat the US Department of State, ThomasYazdgerdi.

ZAGREB, March 16 (Hina) - Croatian Foreign and European Affairs Minister Marija Pejcinovic Buric and Irish Parliament SpeakerSean O Fearghailheld talks in Zagreb on Friday and on that occasion they expressed satisfaction with the two countries' very good bilateral relations, according to a press release issued by the Croatian ministry.

ZAGREB, March 16 (Hina) - Science and Education Minister Blazenka Divjak met on Friday with the President of the European Research Council, Jean-Pierre Bourguignon, announcing after the meeting that Croatia would provide additional support for those scientists who had received grants from that European institution as well as those scientists who had met its criteria but missed out on grants.

ZAGREB, March 16 (Hina) -As part of his visit to Croatia, the President of the European Research Council (ERC), Jean-Pierre Bourguignon, on Friday visited Zagreb's Rudjer Boskovic Institute (IRB) where he was informed in detail about two ERC projects being conducted by IRB researchers Iva Tolic and Ana Suncana Smith as the project leaders.

ZAGREB, March 16(Hina) - Public Administration Minister Lovro Kuscevic said on Friday the new conflict of interest act would be adopted by parliament and not Josipa Rimac, the state secretary at his ministry at the helm of a teamdrawing up the bill against whom the Conflict of Interest Commission has instigated proceedings.

ZAGREB, March 16(Hina) - An international security forum opened in Zagreb on Friday, focusing on ways of identifying and dealing with cyber and energy securitychallenges and different forms of hybrid warfare, with the aim of defining ways of organising and protecting critical infrastructure.

ZAGREB, March 16(Hina) - Environmental Protection and Energy Minister Tomislav Coric said on Friday that contributingto the competitiveness of Croatia's economy was one of the challenges of the energy policy.

ZAGREB, March 16(Hina) - The demand for vacations in Croatia is rising in France again this year, with a 45% jump in sales and bookings of summer package arrangements, Croatia's National Tourist Board (HTZ) said on Friday, based on information from the French market and this week's worldtourismfair in Paris.

ZAGREB, March 16 (Hina) - Currently there are over 1,000 homeless people in Croatia and the existing shelters can accommodate only 420, while about 500 live rough, a conference on psychosocial support and the integration of homeless people said in Zagreb on Friday, citing data from the Croatian Network for the Homeless.

ZAGREB, March 16 (Hina) - Croatia observed Obesity Awareness Day on 16 Marchin order to raise awareness of the causes and consequences of being fatgiven that 57.4% of adults and 34.9% of children in the country are considered overweight.

ZAGREB, March 16 (Hina) - Croatia's Bruno Bosnjak won the bronze in the men's snowboarding banked slalomatthe ongoing Winter Paralympic Games in PyeongChang on Friday.

ZAGREB, March 16 (Hina) -The foreign ministers of six Western Balkan countries aspiring for European Union membership (WB6) on Friday confirmed in Sarajevo that their governments would continue to implement the reforms necessary for EU membership and that they would work on strengthening stability and cooperation in the region.

ZAGREB, March 16 (Hina) - The seventh international travel show Place2Go opened in the Zagreb Arena on Friday, attracting over 200 exhibitors from Croatia and 20 othercountries.

ZAGREB, March 16 (Hina) - Croatia's retail sales increased by 6.1% in January 2018 compared with January 2017, growing for 41 months in a row, mostly thanks to a jump in new car sales, according to data from the National Bureau of Statistics (DZS) released on Friday.

ZAGREB, March 16(Hina) - The number of industrial workers in Croatia fell by 1.0% in January 2018 compared with the previous month and by 0.2% compared with January 2017, according to figures from the National Bureau of Statistics (DZS).

ZAGREB, March 16(Hina) - In February 2018, consumer prices in Croatia fell 0.1% on the month, while their yearly increaseslowed down to 0.8%, reaching thelowest level since July 2017, when the yearly increase was also 0.8%, the national statistical office said on Friday.

ZAGREB, March 16 (Hina) - The main Zagreb Stock Exchange indices dropped mildly on Friday amid light trading and not one stock crossedthe million kuna mark.

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[***CBD Solid Bedrock as US Heads Back to Industrial Hemp Roots***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SD8-4S51-JB72-14PG-00000-00&context=1516831)

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**Body**

CannabisNewsWire Editorial Coverage

With the announcement in April of the Industrial Hemp Farming Act of 2018, the industry could be looking at a federal redefinition of hemp. Industrial hemp is a great source for CBD (cannabidiol), a non-psychoactive cannabinoid with numerous medical applications ([*http://cnw.fm/7tqIy*](http://cnw.fm/7tqIy)). U.S. market projections for hemp range from $1.9 to $2.1 billion within the next two years and could hit $3 billion by 2021, according to one industry analyst (   [*http://cnw.fm/MLA5w*](http://cnw.fm/MLA5w)). This is great news for well-positioned sector players such asMarijuana Company of America(OTC:MCOA)(MCOA Profile),which recently executed a sizeable hemp-cultivation JV agreement. Other similarly positioned companies, such as Vancouver'sAurora Cannabis, Inc.(TSX:ACB) (OTC:ACBFF),UK-basedGW Pharmaceuticals Plc(NASDAQ:GWPH),Medical Marijuana, Inc.(OTC:MJNA) andRocky Mountain High Brands, Inc.(OTC:RMHB),are also in position to exploit the burgeoning CBD market.

If passed alongside companion House Bill 5485, the Hemp Farming Act would effectively remove hemp from regulation as a controlled Schedule 1 substance, restoring the plant's historic status as an important U.S. ***agricultural*** commodity. With Senate Minority Leader Chuck Schumer and fellow Democrat Senator Michael Bennet from Colorado signing on to the Hemp Farming Act with Republican Senator Cory Gardner from Colorado, the bill now looks to have strong bipartisan support. A recent report from Brightfield Group issued prior to the announcement of the Hemp Farming Act estimated that the hemp-derived CBD products component of the hemp market alone could hit $1 billion by 2020 ([*http://cnw.fm/Z9l9K*](http://cnw.fm/Z9l9K)). Industrial hemp has a storied history in America, having been cultivated from Colonial times through World War II and being essential to war efforts throughout that period. Given that the plant is a robust source for strong natural fiber and oils used to make everything from canvas and rope to building materials and fuel, it seems likely that the nation will indeed see the plant returned to its historical status as a core ***agricultural*** commodity.

Cultivation and Legal CBD Enable Agile Positioning

In an industry run by pioneering industry veterans who have lived through the legislative ups and downs that have ebbed and flowed since the earliest days of the cannabis market, the looming passage of the Cannabis Act in Canada and the potential of legislation such as the Marijuana Justice Act in the United States are encouraging signs that the industry has rounded the corner into the home stretch on legalization. CEO ofMarijuana Company of America (MCOA Profile)Don Steinberg actually founded the first publicly traded U.S. marijuana company, Medical Marijuana Incorporated.MCOAalready has a strong hand in the rapidly emerging market for industrial hemp-based CBD products, as well as its ***strategic*** cultivation-focused JV with B.C.-based Global Hemp Group that began in New Brunswick Canada last year and which has now expanded to 125 acres of commercial production.

The tip of the spear forMCOAin CBD is wholly ownedsubsidiary hempSMART(TM), whose affiliate marketing ***program*** and shrewdly engineered networking architecture, as well as upcoming major marketing campaigns that include a sixty second are designed to not only capture maximum market share but bolster customer retention as well. An offering such as hempSMART's patent-pending "hempSMART Brain" product, which is designed to support healthy brain function, is an arguably compelling exploitation of CBD's increasingly apparent antioxidant and neuroprotective functions ([*http://cnw.fm/Vh8bo*](http://cnw.fm/Vh8bo)).

Capacity Is Key Moving Forward

The recent JV agreement betweenMCOAand Global Hemp Group (which also has base operations in Montreal and Los Angeles) focused on cultivation of legal, high-yielding CBD from industrial hemp at a newly acquired 109-acre farm in Scio, Oregon. This move should significantly enhance the company's market presence ([*http://cnw.fm/Owe9r*](http://cnw.fm/Owe9r)). With the purchase of 20,000 high-yield CBD clones along with onsite clone production to meet an early June planting schedule target, assessment of key greenhouse technologies needed to maximize floor space and enable the JV's perpetual harvest model, as well as the purchase of an additional 12,096 square feet of greenhouses for an initial total of nearly 20,000 square feet of production space, the JV is well on its way to having a superb high-yield CBD project in one of the country's most cannabis-friendly states.

Additionally, the company recently announced completion of an initial10,000 square foot greenhouse just south of the Canadian border in Washington State, developed via JV with ***agricultural*** services company Bougainville Ventures ([*http://cnw.fm/m8GaT*](http://cnw.fm/m8GaT)). This first leg of a ***planned*** 30,000-square-foot facility is a major step towards realizing a sizeable production facility in a key jurisdiction that will become the home of several licensed tenants that will be looking for just such an ideal turnkey solution to satisfy their growing needs.

Sector OutlookGrounded in CBD and Biopharma

A strong footing in the already legal CBD market with the infrastructure to also potentially supply the growing medical and recreational markets throughout North America has putMCOAon the radar of many sector analysts. Savvy investors will want to compare the company's rapidly expanding footprint with that of other sector players that also stand to benefit from pending legislative reform.

Aurora Cannabis, Inc.(TSX:ACB.TO) (OTCQX: ACBFF), a licensed Canadian ***producer*** of medical cannabis, recently estimated that it will surpass 90,000 kg of output by the end of this year and see revenues of around $70 million. With an 800,000-square-foot flagship facility at the Edmonton International Airport (estimated to be able to ***produce*** 100,000 kg of cannabis a year at full capacity), a 55,200-square-foot facility in Alberta, and another 40,000-square foot facility in Quebec, Aurora is uniquely positioned to become a major supplier that may even surpass rival Canopy Growth (WEED.TO) (OTC: TWMJF), which recently moved to list its shares on the NYSE. Moreover, Aurora's ***plan*** to buy all common shares of MedReleaf (LEAF.TO) (OTC: MEDEFF), if approved, would create a true industry juggernaut, one estimated by financial services firm Canaccord Genuity to have the potential to eventually ***produce*** a whopping 570,000 kg of cannabis per year.

GW Pharmaceuticals Plc(NASDAQ: GWPH) is one of the most well-established cannabis biopharmaceutical companies in the space today, boasting a proprietary cannabinoid product platform that has given rise to such highly publicized indications as the anti-seizure CBD-based drug Epidiolex®. Along with its U.S. subsidiary Greenwich Biosciences, the company recently announced publication inThe New England Journal of Medicineof Phase 3 study results of its oral CBD drug in a form of rare childhood-onset epilepsy known as Lennox-Gastaut syndrome. Many sector analysts argue that the NDA for GWPH's oral CBD solution in Lennox-Gastaut and (similar) Dravet syndromes is likely to be approved by the FDA. Such an approval would mean the drug could become available by prescription in the the United States in the second half of 2018.

Medical Marijuana, Inc.(OTC: MJNA) portfolio companies Hempmeds®, Kannaway and Kannalife(TM) Sciences have been receiving more and more coverage of its internationalized distribution of products such as Real Scientific Hemp Oil(TM). The company's CEO, Dr. Stuart Titus, was recently featured as part of a Buzzfeed article on CBD that reached a massive audience, even as the company's portfolio company, HempMeds Brasil, was in the news for sponsoring the upcoming medical marijuana-focused "A Look into the Future" International Medicinal Seminar. That announcement came just days after the news that HempMeds has partnered with Northshore Pharmacy in Bermuda to sell the company's flagship CBD oil products.

Rocky Mountain High Brands, Inc.(OTCQB: RMHB) recently announced that hemp products in its new and cutting-edge CBD-infused product line, known as HEMPd, are available for purchase on both Amazon and eBay. The company's popular and naturally flavored energy drinks, Rocky Mountain High Hemp Infused Beverages, have been doing solid business in Canada since the initial one million can order shipped back in 2016. Rocky Mountain High is looking forward to potentially enjoying some serious momentum as Canada moves towards legalization, with one of the most widely recognized brands today in functional hemp food and drink. A roughly $3.6 million deal executed late last year with a major food and beverage distributor in Mexico, where marijuana is soon to be legalized, means RMHB looks to be well on its way to becoming one of the leading hemp-infused food and beverage purveyors on earth.

SectorSentiment Appears Positive to Many Analysts

While there were major concerns for the cannabis sector last year and earlier this year, companies poised to exploit CBD and broader cannabis demand are eyeing the softening tone in the United States, as well as forthcoming Canadian legalization of all cannabis, as major boons to the industry. For a company such as MCOA, which has good access to the North American market and an established presence in CBD, the best may be yet to come.

For more information about Marijuana Company of America, please visit Marijuana Company of America (MCOA).

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[***Friends will be friends? External–domestic interactions in EU-Tunisia and EU-Morocco security cooperation after the uprisings***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:67FK-J9Y1-F0C0-31RB-00000-00&context=1516831)

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**Body**

Introduction

The Arab uprisings opened a window of opportunity for international actors to reconsider their foreign policies towards the southern bank of the Mediterranean (Bicchi , ). After an initially prudent wait-and-see phase (Börzel et al. ), the European Union became self-critical about its previous policies towards the region (Teti ), acknowledging that it had often privileged the pursuit of its own security and economic interests over the stated objectives of promoting democracy and fair economic integration. Thus, the EU promised to find a new balance between the contradictory objectives that had undermined its credibility as a normative actor (Youngs ; Pace ): socio-economic rights and democracy promotion on the one hand and security and stability on the other.

The EU commitment to revise its Euro-Mediterranean policies resulted first into an amended version of the European Neighbourhood Policy in 2011 with the launch of ‘A partnership for democracy and shared prosperity’ (European Commission ). A formal review of the Neighbourhood Policy followed and was released in November 2015. Despite nominal changes, continuity prevailed in the EU’s response. Scholars examined different variables to explain such continuity, ranging from entrenched institutional practices (Bicchi , ; Bremberg ; Noutcheva ; Roccu and Voltolini ) to identity and self-representation (Börzel and Van Hüllen ). However, it is realpolitik imperatives—and a narrow conception of security in particular—that still dominate Euro-Mediterranean policy-making (Rieker , Seeberg ).

While revisiting the contradictions at the heart of EU policy-making towards the Middle East and North Africa is a worthwhile enterprise, this article looks instead at the extent to which the (non) revised EU approach affects, if at all, interactions in EU-Tunisia and EU-Morocco security cooperation. First, it examines the way in which domestic political reconfigurations among political actors in Tunisia and Morocco occurred and how the EU coped with them. Second, it explores external–internal dynamics to unveil new and old asymmetries of power and degrees of leverage between the two parties. A focus on interactions empirically addresses the EU post-2011 promise to differentiate among its Neighbourhood partners, target support to the reality on the ground and avoid off the rack solutions for all (European Commission ). Moreover, it complements the outside–inside perspective prevailing in Euro-Mediterranean and democracy promotion studies (Grimm ; Grimm and Leininger ) by considering the preferences, attitudes and constraints of Tunisian and Moroccan actors when devising their respective foreign policy options.

Before the uprisings, both Tunisia and Morocco were reliable partners for the EU on security issues related to drug trafficking, counterterrorism and migration (including human trafficking), although both countries resisted the imposition of a codified policy of third-party readmissions. This security-based relationship was to the detriment of genuine democracy promotion. Having the EU relied on the partners’ authoritarian structures for its own security for a long time, post-uprising Morocco and Tunisia represented a challenging test case for the EU’s attempt to rethink its relationship with the southern bank of the Mediterranean. For their part, after decades of established patterns of interaction and, in particular, the ***strategic*** use of security as leverage vis-à-vis the EU, Tunisian and Moroccan domestic actors had to find a new balance.

This article argues that persistence in the EU’s approach did not necessarily entail continuity in EU-Tunisia and EU-Morocco interactions on security. Rather, there have been changes in the continuity and continuity in the changes that took place. Not only ‘the EU’s intention to be more inclusive has largely remained on paper’ (Roccu and Voltolini : 6), but ‘selective engagement’ (ibid.) also had a powerful effect on domestic arrangements and, as a consequence, on the internal–external balance of power. The first section looks in detail at the EU’s approach to security cooperation before and after the uprisings in the MENA and its process of externalisation of the EU’s security policy. We point to the relevance of framing EU-MENA relations as a dynamic process and derive hypotheses on the domestic and international implications of the institutionalised redistribution of power and resources coming from external actors. In the second part, Tunisia and Morocco serve as cases to analyse cooperation dynamics between the EU and different domestic actors, examining how their priorities and attitudes fitted into or clashed with the EU policy frameworks. A final section discusses the challenges of post-uprisings balance of power and leverage mechanisms for Euro-Mediterranean security governance.

Persistence after all: the EU’s approach to security cooperation

Despite doubts about the capacity of the EU to play a relevant role as a security provider in the global arena, the Union has substantially increased cooperation on external security since the late 1990s. The EU has broadened its security agenda more than any other international actor, expanding both the list of threats and ‘referent objects’ (Huysmans ). While the 2003 European Security Strategy (ESS) referred to five main threats—terrorism, proliferation of weapons of mass destruction, failed states, organised crime and regional conflicts—with illegal migration and drug trafficking as corollary menaces, the Global Strategy for the European Union Foreign and Security Policy published in June 2016 includes also hybrid threats such as economic volatility, climate change and energy security. This discursive expansion of the concept of security, bridging internal and external security (Sheperd ), resulted in a more expansive set of policy tools and institutional and non-institutional actors engaged in decision-making and management processes (Steindler ). Therefore, cooperation with third countries to tackle these threats does not only fall under the Common Foreign and Security Policy (CFSP) but, increasingly, in the areas of justice, freedom and security, maritime affairs, research and, crucially, enlargement and neighbourhood policies. The latter allow for the most comprehensive approach to security cooperation. The complexity of the policy-making network increased as well, with the Lisbon Treaty strengthening the competences of the European Commission through the creation of the European External Action Service (EEAS) and the empowerment of the High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the Commission (HR/VP), at the (partial) expense of intergovernmental bargaining. In the Middle East and North Africa, the shift from the Euro-Mediterranean Partnership (EMP) to the European Neighbourhood Policy (ENP) was supposed to translate the EU’s wide-ranging conception of security, according to the assumption that the higher the degree of interdependence the stronger the mutual interest in security cooperation (Keohane and Nye ). Moreover, the events unfolding in the Middle East and North Africa in 2011 led to special appointments and the creation of new arena for dialogue—the designation of Bernardino Léon as EU Special Representative for the Southern Mediterranean region from July 2011 until June 2014 and the establishment of multilateral task forces including the authorities of Southern Mediterranean countries.

While the conceptual and organizational developments described above might suggest a changing approach to security cooperation, the literature points to the lack of substantial revisions. First, some scholars contend that a comprehensive understanding of security never materialised, neither during the transition from the EMP to the ENP nor after the uprisings through the 2015 review of the Neighbourhood Policy, when the ‘***strategic*** reflection’ on the European Global Strategy had already begun (Tocci ). Democracy promotion had always lagged behind traditional security cooperation (Durac and Cavatorta ; Schumacher ), as pivotal agreements such as the ENP action ***plans*** had watered down the complexity of a supposedly holistic approach and activities related to social development, justice or human rights often got ‘lost’ during implementation (Van Hüllen ). According to some studies, rather than being a normative (re)turn, the revised EU strategy after the Arab uprisings became an ‘assertive position of the EU vis-à-vis its Mediterranean partners’ (Tömmel ; Bicchi , ). Instruments such as the Support for Partnership, Reforms and Inclusive Growth (SPRING) ***programme*** was launched in 2011 to cope with the weaknesses of the past ‘translated in an opaque application’ (Balfour et al. ). The analysis of diplomatic practices showed that, whenever changes occurred, they resulted more from an adaptation process to new circumstances triggered by the actors involved in the relationship than from normative transformations laid down in Brussels (Bremberg ).

This messy institutional set-up and the contradictory objectives of the policies implemented in the region did not prevent the gradual transfer of border functions to countries outside the EU. As Del Sarto (: 156) makes clear, ‘with regard to North Africa and the Middle East, stronger cooperation on the issues of migration, drug trafficking, organised crime and terrorism has been witnessing the externalisation of EU internal policies over the last decade’. This EU’s outsourcing of specific functions is a key variable to test the impact of the EU approach on external–domestic interactions in EU-Tunisia and EU-Morocco security cooperation. Indeed, while it is true that the EU actors and policy objectives in the realm of security have remained broadly the same (Balfour et al. ), recent ***interventions*** and agreements with both Tunisia and Morocco—such as the signature of Mobility Partnerships or dialogues on security sector reform—suggest that bilateral dynamics may be more varied. An approach based on interactions serves well our purpose of investigating these ‘changes in the continuity and continuity in the changes’. It allows for the understanding of how governments and actors of ‘target countries’ in the MENA have perceived the EU’s response and whether they exploited or put up with it.

It is at this juncture that the literature on the international–domestic linkages becomes relevant because the material and legitimacy resources external actors provide to domestic ones can have a powerful effect on domestic political and institutional arrangements (Yilmaz ; Cavatorta ; Bush ). As the literature on democratisation and authoritarian survival has found, external ‘***intervention***’ or sponsorship provide resources to domestic actors interacting with each other to determine the outcome of institutional structures and such resources are influential in tipping the domestic balance of power in favour of some actors and to the detriment of others (Haynes ; Levitski and Way ; Brownlee ). When domestic upheaval occurs, though, a redistribution of power and resources also occurs, with new institutional structures potentially leading previously marginalised political actors to power. This has significant implications for the external and internal arrangements in place. How the EU supports or undermines different actors at such crucial moments influences the nature of such domestic arrangements.

Since 2010, upheaval has visited North African countries, although they have experienced diverging political trajectories since then. The cases of Tunisia and Morocco are for instance very different from each other, with the former experiencing the collapse of the old system and the creation of a new one (Stepan ) and the latter going through a process of authoritarian renewal (Dalmasso ). Following from this, it should be expected that the functional outsourced areas of policy-making in Tunisia would come under greater domestic scrutiny—and challenge—due to the nature of the radical changes in the country. This would be even more so in the case actors traditionally critical of EU foreign policy were to acquire the levers of power. Conversely, it should also be expected that Morocco would not challenge the agreements of the EU with the Kingdom regarding security, given the institutional continuity and the absence of new political actors in power. In short, the domestic game should be affected when institutions change and this should have implications for international arrangements. The external actor—in this case the EU—would attempt to secure the same beneficial position it had before changes took place, investing resources into domestic actors that would represent its interests. Thus, the first question that arises is whether and to what extent reconfigurations between domestic political actors and the EU have occurred.

Studies conducted before the Arab Spring suggested that North African regimes were capable of taking advantage of the ‘distress’ and fears of the EU on the key issues of terrorism and migration, leveraging material and legitimacy resources (Hollis ). The second question therefore explores the change that might have occurred in the degree of leverage between the EU and individual MENA countries. On the one hand, it might be argued that increased volatility at the EU borders augments the leverage MENA countries can exercise, affecting EU actors’ practices and attitudes. The fear of extremism, political instability, terrorist attacks, increased migration and a general feeling of loss of control of the southern periphery might work even more to the advantage of the countries to which crucial functional areas have been outsourced. They can ask for more in these more dangerous times. On the other hand, it might be argued that more open and pluralistic societies—Tunisia having become such a polity—***produce*** a type of democratic governance where information is circulated freely, where assessment of potential threats is conducted openly and where therefore more ‘sincere’ relations exist. The leverage through fear might not work because the information about what is happening is much more freely available and ‘blackmail’ no longer routinely employed. In addition, domestic actors previously labelled as dangerous and used for scaremongering might be now part of the new political system, diminishing thus blackmailing potential. However, one has to consider that prolonged domestic volatility might undermine this assumption. In the cases of Morocco and Tunisia, the issue of leverage depends on the nature of domestic arrangements, but also on the perception of threats. When these are believed to be significant, but not vital, as in the case of Morocco, leverage can still be employed vis-à-vis the external actor because the regime’s stability is ensured in any case. In the case of Tunisia, though, the threats have been perceived as vital by the majority of Tunisian actors because of the volatility of the new political situation, suggesting that key domestic actors can lead them to bow to external pressures more promptly, in so far as the external actors are unsure both of the stability of the country and the commitment of certain actors to it.

The analysis of the cases of Tunisia and Morocco is helpful in disentangling such complexity. We show, first, how persistence also involved the process of externalisation of the EU’s security policy and the building of an institutionalised framework for dialogue. Then, by looking at actors’ interactions within this framework, we provide some explanations of the changing patterns of security cooperation before and after the uprisings.

The case of Tunisia

Until 9/11, security was not a cornerstone of the solid EU-Tunisia relations. Unlike counterterrorism cooperation with Algeria (Entelis and Arone ; Jünemann ), a specific chapter on Justice and Home Affairs (JHA) was not included in the Association Agreement between Tunisia and the EU. Two articles on money laundering and on drug trafficking appeared in the section dedicated to economic cooperation, while migration was only touched on when addressing dialogue on social affairs. After 9/11 though, the architecture of the ENP mirrored the EU security turn and the significant policy shift outlined in the 2003 European Security Strategy (European Council ). The Action ***Plan*** Tunisia signed in 2004 was far more detailed than the previous agreement with regards to JHA issues, with headings fully committed to tackle terrorism, economic and financial crimes, money laundering, drugs and corruption through bilateral, regional, police and judicial cooperation.

The post-uprisings version of the Neighbourhood Policy that preceded the formal 2015 review of the EU strategy followed from the previous approach, echoing the European quest for more ‘dialogue on governance, security and conflict resolution’ (European Commission ), but also placing the now fully securitised issue of migration at the top of EU priorities. The EU-Tunisia Action ***Plan***, signed in November 2012 focused on security priorities including a reference to the Mobility Partnership, the new political tool for migration and mobility. However, more traditional security and JHA cooperation progressed slowly and few initiatives were launched in the aftermath of the Tunisian revolution. Support for security sector reform was prioritized after the parliamentary and presidential elections that brought Beji Caid Essebsi to power in 2014 and after the waves of terrorist attacks that hit both Europe and Tunisia. A 4-year ***programme*** (2015–2019) for the reform and modernisation of the security sector granted 23 million euros to Tunisia under the reviewed Neighbourhood Policy, although its implementation has been slow.

At first glance, we could argue that the Tunisian revolution did not alter security cooperation. The dynamics between the EU and Tunisia should have theoretically changed following regime change with a redefinition of priorities more favourable to the new Tunisian political actors, particularly because they had been previously critical of Tunisia’s relationship with the EU. This, however, has not been the case. A closer look at the way priorities have been negotiated reveals that interactions after the uprisings—until at least 2015—continued to operate through an existing institutionalised framework within which traditional security cooperation patterns dominated. This process of institutionalisation is part and parcel of the continuity that characterised the EU response to the uprisings and contributes to explaining the trajectory of EU-Tunisia interactions on security.

Before the uprisings, security was certainly a domestic priority for Tunisia and the emphasis on it was instrumental to the legitimising discourse of the regime. Ben Ali in particular sought to use security as a bargaining chip to negotiate with the EU and to diversify foreign policy partners. This suggests that security was a concern that Tunisia brought to the table at the beginning of the partnership, although the conception of security Ben Ali had in mind was the survival of his own authoritarian regime, which was conflated with the security of the state. Nevertheless, as the EU member states had no perception of facing a common threat in the 1980s and 1990s, JHA issues remained the preserve of bilateral agreements between Tunisia and the member states.

The structure framing bilateral dynamics became increasingly institutionalised following the launch of the EMP in 1995, in a process aimed at co-opting North African elites, while excluding them from Brussels’ decision-making (Del Sarto : 150). According to the institutional architecture of the EMP, priorities were supposed to be jointly examined and agreed upon by the EU and third countries within the Association Councils and Committees, the former representing the ministerial level and the latter formed by European and Tunisian senior officials. Furthermore, six subcommittees were created in 2003 and enhanced the technical levels of the negotiations (EU-Tunisia ). Among them was a subcommittee dealing with justice and security.

Following this first wave of institutionalisation, European and Tunisian Ministers met quite regularly. An analysis of the minutes of the Association Councils confirms the EU attempt to re-prioritize its strategy towards security, namely terrorism and migration. Thus, while the EU Presidency’s introductory speeches often addressed security issues first, Tunisian Foreign Ministers focused more on economic and financial cooperation. This was partly due to Ben Ali’s intention to avoid the human rights issue, often linked to JHA, and partly to the awareness that the EU soft approach offered technical assistance or training rather than hard support. Hence, while the regime succeeded in withstanding the EU requests to enhance the protection of human rights, Tunisia neither had sufficient regional standing nor presented such a major Islamist menace to change the contents of the agenda and obtain more money, equipment for security forces, flexibility on visa and on ***agricultural*** products, which was the kind of support the Tunisian government was looking for. This is also the reason why Tunisia gradually became the flagship country for the transformation of its border into ‘a hybrid area of transition’ (Del Sarto ).

With the ENP, a set of principles borrowed from enlargement policy became a code of conduct in bilateral interactions. EU-Tunisia cooperation dynamics had to be consistent, effective and accountable, and ad hoc instruments and benchmarking methods were provided to improve joint decision-making. Even if Tunisian cadres were well-trained to muddle through the Brussels regulations, this approach was not welcomed by the Tunisian regime with regard to security issues. First, it was perceived as interference in domestic politics, resulting in resistance to bargaining over detailed indicators and deadlines. As a result, Tunisian representatives opted for a strategy of watering down EU proposals before agreeing on compromises that turned out to be pyrrhic victories for the EU and weak initiatives for effective security cooperation on the ground. Indeed, the framework of the interactions gradually consolidated a well-functioning and stable network between the EU and Tunisia. If interconnectedness granted more leeway to North African countries with the EU and its Member States, as Cassarino () puts it, rather effective leverage was ensured by the centralised and repressive system of Ben Ali.

The Arab uprisings put the EU approach into question. While the impact of the Tunisian domestic uprising on the EU was mainly political, the reaction was predominantly institutional. The EU pursued a process of institutionalisation and strengthening of the negotiation process. This was done in order to control the dynamics that had emerged with the revolution and to help deal with the uncertainty of the transition where pre-existing rules and procedures were no longer stable or mutually recognised. Steps to improve joint policy-making included the need to ‘better define the benchmarks’, the call for ‘systematic and institutionalised involvement of civil society organizations’ and the ‘intensification of contacts between the Commission and line Ministries (European Commission ). Security was a priority also for post-revolutionary Tunisia and that the new ruling elites were willing to cooperate on border management and the exchange of information. Nevertheless, security no longer represented a bargaining chip in Tunisia’s foreign policy or a powerful leverage mechanism, as it was the case before. The arrival in power of political actors that had developed a different conception of security for Tunisia and the degree of inevitable volatility in the aftermath of radical institutional changes meant that, for a time, the domestic debate on how to pursue cooperation with the EU was highly politicised and hotly contested (International Crisis Group ), drifting between state and human security. In fact, this speaks to the divide that emerged in Tunisia between ‘securocrats’ with old reflexes—in line with the dominant thinking during Ben Ali’s time—and activists/politicians pushing for a rethinking of cooperation with the EU. After the revolution, the new ruling elites—Islamists and human rights advocates in particular—questioned specific aspects of Tunisian foreign policy-making towards the EU, leading many to expect that Tunisia would be much harder to negotiate with, and exposing previous functional arrangements with the EU to profound changes in the relationship. This, however, did not occur, for three reasons.

First, the new domestic elites became quickly aware that security concerns under Ben Ali were in part genuine. The presence of armed terrorist groups operating on its territory and increasing transnational crime characterised post-uprising Tunisia. This meant that the securocrats should still have had a say on how security policy was negotiated with external actors, when the initial reaction of the new actors in power was to completely marginalise them because of the repressive role they had played in supporting the Ben Ali regime. Moreover, post-revolutionary Tunisia had not elaborated a new conception of security yet. As reported by a member of the Centre for Democratic Control of Armed Forces (DCAF) working in the Assistance ***Programme*** to Tunisia, ‘the shift from state to human security has not been tackled from a political point of view. There is no clear political input yet and the involvement in support ***programmes*** ends up affecting individuals rather than the security corps’.

Second, the new institutional structures still left many officials from the previous regime in place and they had a role in decision-making about foreign policy issues and domestic security, thanks to their long-established linkages with EU and member states counterparts. While the new government did force some officials in the Ministry of Interior into retirement, the ethos and structure of the security agencies had not much changed. Foreign security agencies, notably in Europe and the USA, had forged strong ties with the Tunisian security apparatus and American and European governments discreetly encouraged the post-revolutionary political elites to take security seriously and to ‘re-admit’ the securocrats into policy formulation. In addition, their weight and importance grew over time as the domestic enthusiasm for the revolution faded and demands for security emanating from ordinary Tunisian citizens reappeared.

Finally, asymmetrical power in favour of the EU and its focus on hard security matters contributed to legitimising the arguments securocrats put forth, providing them with the legitimacy and material resources to prevent a more meaningful rethink of what security means for Tunisia and how best the EU can be a partner in that.

From this perspective, the non-revision of the EU’s approach had a threefold impact on bilateral dynamics. Not only institutionalised cooperation limited Tunisian leeway, but it also prevented reconfigurations both between the EU and Tunisian actors, and among domestic political actors. By relying on traditional and well-known channels and networks, the reorganization of security actors into the state system was slowed down. Reorganization is a demand that new political actors have pushed since the collapse of the regime, but external resources can empower security actors to withstand such demands because overhauling the system would destabilise international connections. In fact, soon after the uprisings, the EU relied almost by default on well-known actors such as the Ministry of Interior, and this provided security agencies with resources to play in their internal game, pitting them against other domestic actors and institutions that, when also involved in relations with the EU, found themselves in a weak position.

It is true that, unlike in the past, the EU-Tunisia bilateral agenda included a proposal for a SSR, but EU member states carried out most of these activities, suggesting continuity with previous dynamics. This is partly due to the distribution of competences established by the Treaties, but the EU’s reluctance to prioritise a wide approach to security was also part of the problem. As the European Parliament already pointed out with regards to Libya in 2012: ‘it is regrettable that the EU contribution in the security sector is slow to materialize, and that difficulties in ***planning*** and implementing this contribution are leaving the field open to bilateral initiatives of doubtful visibility and consistency’ (European Parliament ). The EU carried out several experts’ missions and training sessions ***planned*** by the EUROMED III-Police and EUROMED III-Justice ***programmes***, but these saw only the limited involvement of new Tunisian actors. Preferential bilateral channels were kept, such as those with the Tunisian Ministry of Interior, the Ministry of Justice and the Ministry of Defence, ministries which are also responsible for selecting the personnel attending the joint initiatives, while civil society representatives and unions of the security sector felt ‘neglected by EU’. The EU had learned lessons from the uprisings and tried to strengthen its relationship with CSOs, but as an EEAS functionary put it, ‘mutual knowledge and empowerment take time, while the cooperation machinery is already settled, at least for the near future, and must go on’.

These dynamics in times of transition reduced the Tunisian leverage over the EU because securocrats, while having been empowered domestically in their confrontation with other actors with diverging agendas and conceptions of security, were unable to exercise the same influence they had during Ben Ali’s period, when bargaining with the EU. Thus, they tended to rely more on the cooperation with the MS or within multilateral arenas ‘wherein they feel more equal’, and where funding for equipment and infrastructures can be obtained. In addition, new actors struggled through the institutionalised and well-rooted framework for cooperation, to put forward their demands or, as Kartas () argues, they bypassed and resisted the reforms to look for autonomy.

More recently, the complexity of the regional scenario directly affecting Tunisia—with the terrorist attacks in Bardo and Sousse in 2015 and the 3000 Tunisian foreign fighters active in the Syrian civil war—and the EU legitimacy crisis contributed to blurring the ENP cooperation framework and revived traditional diplomacy. Dialogue between the EU and Tunisia exited the strict ENP arena, heading for the G7 + 3 group formed by the member of G7 + Belgium, Spain and the EU, the 5 + 5 Dialogue on Western Mediterranean or being run at the initiative of the High Representative of the European Union Federica Mogherini, the European Parliament or the EU Council Presidency. It is precisely the combination of more stable domestic conditions and different arena for dialogue that allowed security cooperation to progress, at least in term of ***planned*** initiatives. For instance, the EU Delegation organised a trilateral consultation involving EU representatives, Tunisian authorities and many representatives of civil society organisations prior to the ‘Second high-level political dialogue on security and anti-terrorism’ that was held in January 2017 and the subcommittee meetings on ‘human rights, rule of law and democracy’ and ‘justice and security’. Compared to the 2012 EU attempts to interact with civil society through wide and institutionalised Task Forces or individual hearings with the EU Delegation, this more informal framework allowed for the overcoming of the technicalities and power-related constraints of the Task Forces while connecting civil society with EU and Tunisian authorities. The concrete impact of changing interactions on EU-Tunisia initiatives is still limited, but these were relevant steps towards more grounded and balanced external–domestic dynamics (European Commission ). As described in the 2016 progress report, problems remain at the implementation level, as well as asymmetries in the conception of security and reforms, yet the diversification of the frameworks for bilateral dialogue re-politicised the interactions and enhanced a perception of partnership.

This case illustrates well that continuity prevailed in the EU approach to Tunisia after the uprisings and that institutionalisation has been for long the catch-all answer to regional turmoil, as part of the process of externalisation of the EU’s internal policies. Tunisia has lost its leverage compared to Ben Ali’s period, and the EU has taken advantage of the volatility of the transition. Continuity, however, did not prevent security cooperation from developing, especially after the 2014 general elections.

The case of Morocco

Morocco provides an interesting counter-case to Tunisia because the trajectory of Morocco has been considerably different after protests began in February 2011. Young Moroccans began organising demonstrations against the government, and just like their counterparts across the region, their anger was directed at officials unable to deal with corruption and inequality. Three elements are worthy of note in the Moroccan protests of early 2011. First, they were widespread and large across the entire country. Second, protesters were good at building cross-ideological coalitions and therefore made the demonstrations appealing to a vast network of associations and groups that usually fought their ‘battles’ alone. Finally, the demonstrations did not directly target the monarchy. This last element is key to understanding how the monarch responded to the demonstrations. Rather than resorting to outright repression, the monarch stated that he shared the concerns of the ‘street’, made them his own and proceeded to overhaul the constitution to set up a more responsive institutional structure. With the support of quiescent political parties, Mohammed VI launched a consultative process on the reform of the constitution, which was approved by popular referendum a few months after the protests had begun. The ability of the monarch to seize the initiative pre-empted the growth of the protest movement and ultimately ensured its failure. To most citizens, it appeared that the monarch had acceded to the demands of the protesters and that the newly elected coalition government with the Islamists at its helm, which came to power in late 2011, should be allowed to govern. These moves reasserted monarchical primacy without fundamentally altering the political system. The new constitutional text did not in reality meet any of the expectations of change that the street had, and a close analysis of the wording suggests a high degree of continuity with the past (Madani et al. ). It is clear therefore that Morocco followed a radically different trajectory from the one Tunisia experienced and provides a different test case for EU external policy-making following the Arab Spring.

Morocco has long been a privileged partner for the EU (Volpi ), and in some ways it has also been a linchpin in the EU strategy of institutionalising a viable borderland in the Mediterranean, as the country has always been deemed stable and reasonably democratic, which made it easier for the EU to cooperate with. This notion of Morocco as a liberal country has been often challenged (Graciet and Laurent ), but the EU has recognised consistently that Morocco was a ‘good’ student of democratisation and economic integration into the free trade area the EU promoted since the Euro-Mediterranean Partnership. Given the radically different trajectory Morocco followed compared to Tunisia after the uprisings, the expectation is that the relations between Morocco and the EU would not have dramatically shifted, suggesting continuity in all of their most important aspects. In turn, this would mean that the EU did not much learn from the Arab uprisings and that its rhetorical shift in favour of greater engagement with opposition actors in the region is not translated into concrete policies and actions. The absence of change towards Morocco leads to two considerations. First, moral and material external resources the EU provides contribute to maintain the political status quo and preserve the monarch’s grip on power. Second, and unlike the ‘new’ Tunisia, the ability Morocco has to withstand some of the pressure the EU applies on other MENA countries has remained reasonably intact because of its own institutional continuity. While the new Tunisian elites have had to contend with the volatility of democratisation and with an extremely unstable regional environment that impacts directly on the country’s politics—the Libyan civil war and trafficking at the border with Algeria–Morocco, due to its political stability, is much better equipped to deal with crises and does not suffer as much from the spillover effects of regional instability. In short, the Tunisian elites have less room for manoeuvre than their Moroccan counterparts when it comes to its security cooperation with the EU.

On the political front, it is clear that the EU did not face the same short-term dilemmas that it had when thinking about its relations with Tunisia after the fall of the Ben Ali regime. First of all, no new political players emerged during the demonstrations. Unlike in Tunisia therefore there was no state withdrawal or collapse, nor a broader questioning of the repressive structures of the state. There was no real contestation of rules and rulers, and there was therefore no sense of volatility to contend with. In fact, the ability of the King to dominate the political system and pre-empt challenges to his rule, while at the same time appearing to move the country forward on the path of democratisation, strengthened his standing with European officials. In short, when it comes to Morocco, the Arab uprisings have not changed what the EU does in terms of political support for the monarchy. The more interesting aspect of the relationship has thus to do with its continuity, with both parties determined to deepen their economic linkages while maintaining their divergences on security cooperation. On the economic front, it is as if the nature of demonstrations in Morocco was either misunderstood or ignored by both Moroccan and EU officials. Despite the uprisings being firmly rooted in a rejection of free trade deals negotiated without any real input from broad sectors of society, the two parties launched negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) in 2013. On both the Moroccan and EU sides, there was very little sense that the demonstrations clearly criticised the consequences of economic openings perceived to be benefitting only the few to the detriment of the working conditions and living standards of the many (Colombo ; Bogaert ). In addition to the negotiations over DCFTA, the controversial EU-Morocco Agreement on ***agricultural***, processed ***agricultural*** and fisheries products entered into force on the 1st October 2012. Both speak to ‘continuity’ rather than change in the relationship in part because the EU continues to perceive the monarchy as the sole potential interlocutor in Morocco. While this might be the case now and for the foreseeable future, the pursuit of policies that ordinary citizens have largely rejected can be detrimental in the longer term for the very stability that the EU craves.

On security matters, Morocco was always identified as a priority partner, as its ‘advanced status’ in the European Neighbourhood Policy confirms. As the EU officially states,

the advanced status is reflected in the willingness to strengthen political dialogue, co-operation in the economic, social, parliamentary, judicial and security fields and in different sectors, namely ***agriculture***, transportation, energy and environment. It also aims at the progressive integration of Morocco into the common internal market as well as at increasing legislative and regulatory convergence. Financial co-operation plays an essential support role for the success of this status. (EU Commission quoted in Statewatch ).

The negotiations on advanced status had led the working group to suggest the following, among others, be included in the final accord: the creation of an institute for the fight against crime; Moroccan participation in training and seminars at the European College of Police and a dialogue on the fight against drugs. However, on hard security matters not much was discussed, particularly in terms of the fight against terrorism, because Morocco has a privileged relationship with the USA and individual member states such as Spain. As Thompson and McCants (: 1–2) note:

the bilateral relationship is particularly strong in areas of military and law enforcement cooperation… The United States … conducts training for Moroccan security and law enforcement personnel. In return, Morocco aids the United States with gathering intelligence, interdicting contraband and criminals, and formulating responses to regional terrorist threats. One area of frequent cooperation between the two countries is counterterrorism (CT)—a collaboration that the U.S. State Department has characterized as ‘robust.’ One of the most fruitful ***programs***…has been Morocco’s participation in the longstanding Antiterrorism Assistance ***Program***.

Thus, on the question of terrorism, Morocco has always been less committed to deepening the relationship with the EU as a whole, preferring instead strong bilateral relations with member states. The relationship between Spain and Morocco is illustrative of this. In a recent analysis of the relationship between the two countries, Reinares and Garcia-Calvo () highlight how over 30 years anti-terrorism cooperation has solidified into a genuine partnership that is essential for Spain in its fight against jihadism. The authors emphasise that close bilateral cooperation, such as the establishment of a Spanish special magistrate in Rabat following cases of terrorism, is very effective. To this, it is worth noting, they argue, that ‘between 2013 and 2014 the Moroccan and Spanish police led jointly a number of anti-terror operation that resulted in over 40 arrests on both sides of the border. A degree of cooperation of this kind is also envisaged within the EU-Morocco twelfth Association Council held in Brussels in December 2014, but the reality is that cooperation is mostly at the rhetorical level. This preference for bilateral relations and the ability to hold out on this indicate that Morocco has still leverage to employ towards the EU. In a 2010 analysis of Morocco’s approach to the issue of migration linked to security issues with the EU, for instance, El Qadim (: 93) argues that ‘European countries exercise strong pressure on the countries in the southern bank of the Mediterranean for a stricter migratory policy, but the benefits that countries in the Maghreb have obtained during the negotiations have been important…especially for Morocco.’ Much more recently, the EU foreign affairs representatives stated that when it came to security—particularly anti-terrorism—the EU needed Morocco more than the other way around (El-Ouardighi ), suggesting that leverage on the Moroccan side has been maintained in spite, or precisely because, of the anti-government demonstrations. However, when the analysis shifts to the very specific issue of migration, the EU has been able to make some progress following the uprisings. Within the broader EU security framework, illegal migration is a salient issue for the EU. For a number of years, the bone of contention between Morocco and the EU in the fight against illegal immigration—a crucial aspect of border security for the EU—has been ‘readmission’ of third country nationals expelled from the EU. Morocco had always refused to countenance and validate readmission, largely because of domestic politics concerns. As mentioned, the EU and Morocco have cooperated on migration issues for some years through the framework of the Euro-African conference in 2006 and the Union for the Mediterranean, but readmission was always resisted. Nevertheless, a more comprehensive Mobility Partnership has been signed in June 2013 and the declaration includes an explicit reference to readmission of third country nationals, signalling that cooperation progressed on that issue, despite the criticism coming from human rights activists. As the European Human Rights Network (2014) stated in the aftermath of the signature,

in view of the current situation in Morocco, a readmission agreement would entail serious risks in terms of respect for the rights of migrants and refugees, and would expose them to the risk of inhuman and degrading treatment. In fact, both civil society organisations in Morocco as well as the Moroccan National Council for Human Rights have denounced the fate of sub-Saharans ‘blocked’ in Morocco. The criminalisation of irregular immigration, as contained in the Moroccan Law 02-03, the absence of an effective asylum system and the xenophobic climate hostile to migrants… are all real issues that the signatory parties cannot ignore (Euro-Med Human Rights Network ).

What is important to underline here is that the ability Morocco had to withstand EU pressure for a readmission agreement seems to have faded, given the explicit reference to readmission which had for so long been refused. The theoretical expectation that regime continuity in Morocco would allow the kingdom to exercise leverage and withstand pressure from the EU for unwanted policies such as readmission is not quite met. This might indicate that the EU, in the light of the almost unprecedented regional instability it faces on the southern bank, has pressurised Morocco sufficiently to gain a significant diplomatic victory, at least at the rhetorical level. This is because signature and implementation remain very different stages, with the latter not necessarily taking place in the way in which it is conceived in the official documents both parties signed. This should not, however, obscure that, at the same time, Morocco has been able to win out on other negotiating tables, including the renewal of the agreement on fishing rights, which implicitly recognises Moroccan sovereignty in Western Sahara, a crucial foreign policy issue for the Kingdom. Through the Mobility Partnership, the EU has been able to further outsource, on paper, ambiguous practices of immigration control to Moroccan authorities, which are not known for their respect for human rights. In some ways, it is a mutually beneficial balance, which is enhanced by the provision that ‘the EU and Morocco have committed to encouraging the mobility of Moroccan citizens’, although ‘it should be noted that the proposals above all reflect the interests of the EU to facilitate entrance and residence only for highly skilled persons’ (Euro-Med Human Rights Network ).

The issue of continuity in the aftermath of the uprisings has been the crucial one in EU-Morocco relations on security. EU support for the monarchy has not faded; if anything it has solidified in the light of the stability the regime is able to project (Konrad Adenauer Stiftung ). While the EU has made some gains regarding migration, the leverage of Morocco has not decreased and Moroccan ruling elites know they can count on the resources the EU places at their disposal.

Conclusion

As Börzel et al. () made clear, not much has changed in the EU’s approach to security in the Mediterranean. As enthusiasm for the uprisings faded and the EU plunged into a multifaceted crisis shaped, among others, by the Syrian war, the refugee flows and the terrorist attacks, it could even be argued that old patterns further entrenched.

This article acknowledged continuity as point of departure and looked at how the lack of substantial revisions affected EU-Tunisia and EU-Morocco interactions on security after the uprisings. The comparative analysis shows that the EU’s outsourcing of security matters to Mediterranean partners and its propensity to provide institutional answers to political problems during and after the uprisings are part and parcel of what Roccu and Voltolini call ‘selective engagement’ (). Institutionalised cooperation suited well-organised bureaucracies such as Ben Ali’s Tunisia. When state administrations engaged in domestic reconfigurations, though, the EU’s established frameworks for cooperation prevented new actors from being actively involved. From this perspective, one could claim that the continuity of interactions was, to a certain extent, an unintended consequence of the EU’s unrevised approach.

Also, such a constraining framework applied to asymmetric relations provides leverage to third countries when the regional situation is reasonably stable and predictable. However, when volatility and instability intensified, both post-uprising Tunisia and Morocco suffered from greater limits to their negotiating power because the fear factor at EU level increased the asymmetry between the EU and its counterparts. Thus, the Tunisian transition has somewhat modified the relationship with the EU to the detriment of Tunis. Whereas the Ben Ali regime had been able at times to exert leverage on the EU, draw benefits from it and withstand pressure from the EU, the new authorities in Tunis have had much less success, precisely because the process of democratisation, volatile in itself, has been taking place in an unfavourable environment, which has quite quickly favoured the return of the domestic securocrats. Despite the fact that the transition has meant an increase in the legitimacy of domestic players previously excluded from policy-making and brought to the surface their very different ideas about what security means and for whom it should be achieved, the coincidence of interests between domestic securocrats and the EU’s needs has prevailed in determining security arrangements.

Morocco experienced a very different uprising, with the monarchy reasserting its power and with no genuine institutional change, leading to much greater continuity in EU-Morocco relations in the field of security cooperation. Institutional continuity allowed the monarchy to insulate Morocco from increased EU pressure, although the EU was able to make small gains on migration matters. Morocco has fared better than Tunisia because of its privileged security cooperation with the USA and because the Kingdom can still project an image of domestic stability that Western countries do not want to upset.

The uprisings in North Africa had a profound impact on some countries—Tunisia—and almost no effect in others—Morocco. Domestic arrangements in turn influence the way in which policy-makers think about foreign policy and this matters to external partners. The European Union has benefitted from the uprisings in the short term on matters related to security cooperation and functional areas because it has been able to affect domestic politics, albeit indirectly, in both countries providing resources to preferred decision-makers. While there has been no significant no radical change in the EU approach to security in North Africa after 2011, this should not suggest that important aspects of the relationship have not changed and that the EU has been on the winning side of such changes.

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Emerging Markets Brokers Reports - Russia

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The annual special Direct Line with Vladimir Putin was broadcast live by Channel One, Rossiya 1, Rossiya 24 and Russia Today TV channels, and Mayak, Vesti FM and Radio Rossii radio stations.

Tatyana Remezova: Good afternoon, we are live. This is Direct Line with Vladimir Putin, a joint project by Channel One and Rossiya 1 TV channels. You can also watch the broadcast live on Rossiya 24, and listen to a live radio broadcast on Mayak, Vesti FM and Radio Rossii radio stations.

The anchors of Direct Line are Tatyana Remezova and Dmitry Borisov.

Dmitry Borisov: Good afternoon,

First of all, I would like to introduce our colleagues who will be helping us today. Maria Gladkikh and Natalya Yuryeva are in the call centre; and here in the studio we have Vera Krasova, Nailya Asker-zade, Olga Pautova and Olga Ushakova.

They are surrounded by people who were in the spotlight of the last year's most dramatic news reports, people who arguably have shaped today's Russia in one way or another.

Now to Tatyana Remezova.

Tatyana Remezova: President of Russia Vladimir Putin is here, in the studio, live.

Maria Gladkikh: Good afternoon,

We are in the call centre, which plays a key role in Direct Line. Our centre has already received 1.1 million calls. You can submit your question to Vladimir Putin right now. The telephone number has not changed: 8 (800) 200 4040. You can also use 04040 for SMS and MMS messages.

Natalya Yuryeva: In addition to SMS messages and telephone calls, our operators also accept video questions that can be submitted either from the moskva-putinu.ru website or by using a special mobile application called Moskva Putinu (Moscow to Putin).

You can also submit questions using the ***programme***'s official accounts on the VKontakte and Odnoklassniki social networks. For the first time, you can talk to the head of state by direct video link via OK Live, as well as the Moskva-Putinu application. This way, not only will the President hear you, but he will also be able to see you.

Go ahead, make a call. We will be taking questions until the end of the broadcast. You still have time. Maybe it will be your question that Vladimir Putin answers.

Maria Gladkikh: Another innovation in this year's Direct Line is the SN Wall communications platform that enables us to monitor, in real time, how the audience is discussing the ***programme*** on social media. More than 300,000 comments have already been posted on Facebook, VKontakte, Instagram and Twitter.

Those who need sign interpretation can watch the broadcast on Public Television of Russia and on our website.

Dmitry Borisov: Good afternoon, Mr President.

President of Russia Vladimir Putin: Good afternoon.

Dmitry Borisov: Our call centre has been receiving phone calls for 12 days, and 2 million messages of various kinds have been received to this point. The top five of the most sensitive issues for Russians includes growing prices, declining living standards, housing and utilities, healthcare and of course, there are many personal requests.

Tatyana Remezova: That said, I would like to highlight a major difference from previous Direct Lines.

Most of the messages we have received are not about the present, but about the future: how will our country live in the years to come, what will its relations with other countries be like? This could be due to the fact that we are in a pre-election year, when people have more questions to their leaders, to you primarily, of course.

Dmitry Borisov: However, before we start talking about the future, let me begin with the present.

We have been hearing many optimistic assessments of the state of the Russian economy lately. Can we say, would it be right to assume that the economic crisis is over?

Vladimir Putin: You have started with a core question, whether the economic crisis is over. I would very much like to give an affirmative answer, thereby sending a positive signal to the people. However, in the back of your mind you cannot stop thinking that something could still go wrong, something could happen.

Nevertheless, when it comes to drawing conclusions of this kind we should be guided by objective data. What are the hard facts telling us? They are telling us that the Russian economy has overcome the recession, and moved into a growth trend. I will get back to this later to explain how this conclusion can be reached and on what data it is based.

But I would like to start by making a different point and highlighting the most pressing issues that have yet to be resolved. You mentioned them in your question, by the way. What are these issues all about? Real incomes have been declining over the last several years, and what is even more alarming is the growing number of people below the poverty line with incomes below the minimum living wage.

In this regard, Russia hit a low in the early and mid-1990s, when almost one third of the country's population lived below the poverty line, almost 40 percent or 35 to 37 percent, according to various estimates, almost 40 million people. This was the all-time low, while the highest indicators in this respect were reported in 2012.

In 2012, 10.7 percent of the population was below the poverty line. Unfortunately, since then this number has reached 13.5 percent. It may not seem like a lot, just a few percentage points, but we are talking about tens, and hundreds of thousands of people, their lives, so this is a matter of serious concern.

There are economic issues that have still to be addressed, above all regarding real incomes. What are these issues? They have to do with the structure of the economy that we find unsatisfactory. In this connection I have to mention low labour productivity. There will be no new jobs, and incomes will not increase, unless we improve labour productivity. This is a major issue.

We will most definitely come back to these matters and I am 100 percent certain that people will have further questions and we will go into greater detail and look further at all that makes it possible for me to say now that the recession is over and we have seen economic growth for three quarters in a row now. GDP growth is modest, but it has nonetheless held steady from one quarter to the next.

GDP growth was plus 3 percent at the end of the fourth quarter of 2016, plus 5 percent in the first quarter of this year, and up 1.4 percent in April this year. This makes for GDP growth of 0.7 percent overall for the first four months of 2017.

Industrial production is also on the rise. We had growth of 0.7 percent in the first quarter of this year. I have brought along some of the latest figures, so as not to forget anything, and I can share them with you too. These are the latest statistics.

Investment into capital assets is up 2.3 percent. We see an increase in car sales and mortgage loans, which all economies consider a clear sign of growth, and non-resource and non-energy exports are up by 19 percent.

Finally, another important macroeconomic indicator is inflation, and we have brought it down to a record low in modern Russian history. The figure today is 4.2 percent. This is an unprecedented result and it gives us reason to expect that we will reach our target figure of 4 percent by the end of the year.

The Central Bank's gold and foreign currency reserves, our international reserves, are growing. We started 2016 with $368 billion and ended the year with $378 billion. Today, the figure is $407 billion. One of the most significant indicators that I must mention is investment into capital assets, which is growing at a faster pace than the economy as a whole.

The economy grew by 0.7 percent over the first four months of this year, while investment into capital assets was up by 2.3 percent. What does this mean in simple terms? It means that investment in developing production facilities is up by 2.3 percent, and this is laying the foundations for growth in the short term. This, of course, is a positive development that will have an impact on various aspects of the social sector too.

Which aspects? The main social sector achievement that I want to mention once again is the substantial drop in infant and maternal mortality. Infant mortality has undergone a three-fold decrease since 2000, and maternal mortality has seen a close to four-fold drop. Probably no other country's social sector has achieved such results. This has contributed to increased life expectancy as well. The figures here are now up from just over 70 years to 72 years. Overall, these results give us reason to say that we have overcome the crisis.

Tatyana Remezova: Mr President, you yourself spoke about people's declining real incomes, and the official statistics confirm this. When will people feel the benefits of the reviving economy?

Vladimir Putin: You know, the decline was rather steep, and so it will take some time before people will feel an improvement. As I said at the beginning, I consider this to be the most important and serious problem.

Real wages started increasing in July or August 2016 and increased 0.7 percent by the end of the year. This increase is rather difficult to see, although it reached 2.3 or 2.4 percent in April this year.

As you know, we made lump sum payments of 5,000 rubles to pensioners early this year and increased pensions for non-working pensioners by 5.4 percent starting from February 1 and later brought the overall figure to 5.8 percent. We have also indexed social pensions.

We are working with employers to increase the minimum wage. We increased it by over 20 percent last year and have also raised it this year. Overall, we are working at this so that people can feel the improvements.

Tatyana Remezova: Still, many people complain about low wages. Here are many text messages and photos of wage slips. For example, a preschool teacher at Kindergarten No. 111 in Astrakhan is paid 7,935 rubles. The slip is for May 2017. Can you live on this wage?

A medical nurse at the Vostochny Space Launch Centre received 10,246 rubles in May.

"Should a firefighter risk his life for 8,000 rubles a month?" asks Alexander Melnikov, head of a fire team from the Saratov Region.

"When will postal workers' wages be raised? You cannot live on 3,600 rubles."

Vladimir Putin: We will have to check the situation with salaries of 3,600 rubles to understand how this is possible. After all, there is a minimum wage in Russia, and it is more than 3,600 rubles. However, all the people you have mentioned are public sector employees who did not benefit from the wage increases under the May 2012 executive orders.

As for public sector employees who did benefit from these increases, their salaries are going up as ***planned***, more or less. In other public sector jobs that were not covered by the May 2012 executive orders, the situation is more challenging. Their salaries were not adjusted for inflation, even though prices have gone up, and the inflation rate was quite high at 12.9 percent in 2015. Still, their wages were not adjusted for inflation. If you are telling me that this is not fair, I agree. I have raised this issue with the Government, and issued instructions to this effect. These salaries will be adjusted for inflation starting January 1, 2018.

Tatyana Remezova: Thank you.

Dmitry Borisov: We have received many calls on this subject. Let us ask the call centre to join our conversation.

Natalya, you have the floor.

Natalya Yuryeva: Mr President, we have just received a call from a medical nurse in Primorye who asked how she could survive on her salary. Socioeconomic issues are always the most sensitive, and they worry Russians the most.

I also see a question on another sensitive issue, the low salaries of teachers in the regions.

Here with us, via video conference, we now have Alyona Ostaltsova from Irkutsk.

Alyona, good afternoon, you are on, you can ask your question.

Alyona Ostaltsova: Hello, Mr President.

Vladimir Putin: Hello.

Alyona Ostaltsova: My name is Alyona Ostaltsova, and I am calling from the city of Shelekhov, Irkutsk Region. The question I have is quite common. Why are teachers paid so little? I am an elementary school teacher. I have been working for one year, but my salary has never exceeded 16,500 rubles per month. I have not received the allowance young teachers are entitled to. I love my job, and I love working with children, but with a salary like this, I have no choice. How can I live on it? Thank you.

Vladimir Putin: Alyona, you are from Irkutsk Region, is that right?

Alyona Ostaltsova: Yes.

Vladimir Putin: Shelekhov is probably a small town. I do not know whether your school is fully staffed. You and I know, and so do all other teachers across the country, that there is an objective to bring teachers' salaries up to the regional average. If I am not mistaken, since I may not recall the exact figures, the average salary in Irkutsk Region is slightly above 30,000 rubles. The average salary in Irkutsk Region is above 30,000 rubles. And teachers' salaries are even slightly higher in Irkutsk Region.

What happens in reality? The teachers' money and the level of wages are managed by the school itself, and it determines the payroll and extra payments in addition to the salary. The school itself does this. Again, the payroll and additional payments. It is clear that young specialists, and you are a young specialist, usually make somewhat less than experienced teachers with longer service and all. It is unclear though why it is so much less, 50 or 70 percent - I do not understand this either. I hope that the region's administration, the authorities that supervise education, will pay attention to this.

This is what I'm thinking: as I said, such a difference in income is unacceptable. Therefore, if this is happening, it would probably be reasonable to establish a minimum wage or a minimum ratio between the income level of young specialists and those who have a long record of service. We probably need to think about this.

Alyona Ostaltsova: Thank you very much.

Vladimir Putin: About 11,000 rubles, it is certainly strange. I repeat: wages should not differ so dramatically. We will deal with your specific case.

Tatyana Remezova: Before this broadcast, we talked to people who sent in their complaints, including complaints on this issue. Indeed, the situation is very different in various regions and largely depends on who is in charge of the region.

Over the past year, many changes have taken place in the leadership of Russian regions, something that never happened before: Buryatia, Kaliningrad, Karelia, Kirov, Mari El, Novgorod, Perm, Ryazan, Sevastopol, Tver, Tula, Udmurtia, and Yaroslavl. Why? Are all the newly appointed governors coping with their duties?

Vladimir Putin: You know, in many places the governors' tenure in office simply ended, as many of them had worked for 10 and even more years. Frankly, it was their own idea to try working in other areas.

In other regions, we just felt that people want change, and therefore initiated the process. As to whether they are competent or not, this is primarily a question for the local people. Some of the elected regional leaders had already served for six months or a year before running for the position, so when they did, people voted for them because they knew they could trust them with managing the region, so we can say that people - the voters - believe these candidates were doing a good job. But, of course, any election, the results of any election are an upfront trust given to candidates for leadership at any level at the beginning of their work at this new high office.

Whether they succeed or not - I will return to this subject now. They have to succeed, they have everything to make it despite the fact they are relatively young. They have extensive state work and life experience; of course, you can blame it all on them - but the financial situation is not easy in the regions.

In this regard, the Federation helps for them, supports them. To solve these social issues and level wages, 40 billion rubles have been allocated in this year's federal budget. What is more, I asked the Government to provide additional finances, and they have allocated another 10 billion rubles. Therefore, they have the support; they also have their own social ***programmes***. They have to work and achieve results.

Tatyana Remezova: We received the following question online: "Two weeks ago, Europe extended the anti-Russia sanctions for another year. Do you think we are ready to live under these sanctions for decades?"

Vladimir Putin: In fact, the history of Russia shows that we have usually lived under sanctions whenever Russia started to become independent and feel strong. Whenever our partners in the world saw Russia as a serious rival, they imposed various restrictions under various excuses; this has been the case throughout our history, not just in Soviet times; this was the case even before the 1917 revolution. So no surprises here.

We now know that the US Senate has drawn up another draft law on toughening these sanctions. What are the reasons for this? Nothing extraordinary is taking place. Why have they started talking about sanctions again, for no particular reason? This, of course, testifies to the ongoing domestic political struggle in the United States. In any case, this is happening and I can see no real reason for it. If it had not been Crimea or some other issue, they would still have come up with some other way to restrain Russia. The policy of containing Russia has always been presented like this.

So, what is the situation with these sanctions and what impact, if any, have they had on us? They have had an impact. Has this been fundamental in nature? I do not think so. We have been affected more by the global situation and the drop in prices for our main traditional goods - oil, gas, metals, chemicals, and so on. What view do our partners take?

The US State Department believes that these sanctions have lowered our GDP by 1 percent, the Europeans give a slightly higher figure, and the UN has calculated that we lost around $50-52 billion, and that the countries that imposed the sanctions have lost $100 billion. In other words, sanctions have proven to be a double-edged sword and harm everyone, including those who impose them.

Strange though it might sound, however, there have been advantages too. What are they? For a start, we were forced to concentrate our intelligence, talent and resources on key areas and not simply rely on oil and gas revenue. What result has this brought? We have seen real production growth in important and complex economic sectors.

We have rebuilt substantially our skills in the radio-electronics sector, and we made good progress in aircraft engineering, rocket building, pharmaceuticals, and in heavy engineering. That is not to mention ***agriculture***. We all know that ***agriculture*** has posted growth of around 3 percent and Russia is now a leader in exports of grain and wheat. That is the result we have to show.

We have reduced substantially imports and developed our own production of pork and poultry and cover practically our entire consumption needs. What's more, we are now looking for sales markets abroad.

We are in talks with our Chinese friends on opening the Chinese market to our pork and poultry ***producers***. So, there are positive aspects in this situation.

But this is not a normal situation, of course. All of these restrictions do not ***produce*** anything good, and we should work towards a global economy that functions without these restrictions.

Dmitry Borisov: If possible, I would like to return to the issue of public opinion on the performance of regional authorities. We have been collecting questions for the past 12 days and have noticed that journalists have used some of these questions as themes for their reports, citing people's complaints and requests. Miraculously, asphalt was laid, walls painted and building facades repaired the next day after the stories appeared on Channel One or Rossiya. This seems to have solved the problem, or has it?

And there is also a different trend. Tatyana Remezova can correct me if I am wrong, because this story was aired on her show. It is about people complaining over long queues in outpatient clinics while doctors say that this is not true. Then, there is the issue of pseudo-assistance, when people pretend that there is no problem, and simultaneously, the issue of the pseudo-problem, when people try to make a mountain out of a molehill.

I would like to say that we record all these cases. Mr President, we will forward the list of issues that have been allegedly resolved and also pseudo-problems to you and the Presidential Executive Office.

Vladimir Putin: It looks as though holding this event once a year is useful after all. Those who were sitting on their hands will do something good, like build a road or settle matters with healthcare or social facilities. But these are only separate elements. What matters for me is the ability to gauge the public mood, to see what worries people most, the whole range of issues. Of course, it is impossible to answer every question. It would be unrealistic to even try. But we can answer some of them today - I can do this with your help. And this will help us - me, the Government and the Presidential Executive Office - to see the main, and I would even say the most glaring issues, which we must deal with as a priority. I would like to thank our television audience, and those who sent their requests online, for taking part in this work.

Tatyana Remezova: I know that the subject of sanctions has found a response among the guests in this studio.

Olga Pautova has the floor.

Olga Pautova: Mr President, there are many agribusiness representatives in this room. They are more concerned with our response to the sanctions and the related import replacement.

Standing next to me is Sergei Korolev, head of the National Vegetable Union. He says the past three years have taught our farmers to grow delicious and, most importantly, wholesome tomatoes and cucumbers.

Mr Korolev, do we have productive harvests?

Sergei Korolev: We are growing by about 20-30 percent a year.

Mr President, you mentioned the sanctions earlier. We see the measures introduced against Russia as a gift and an additional tool to support our agro-industrial sector. The retaliatory measures that were introduced have ***produced*** an effect.

Vegetable production is growing at a rate unprecedented both in the Soviet Union and in recent history. I can tell you that we grew by 50 percent over the year when the retaliatory measures were introduced. We have invested 150 billion rubles in vegetable farming. You mentioned these figures today - 150 billion over a short period - [as an example] of growing investment. This is without a precedent. More than 10,000 new jobs have been created. And we are certainly ready to continue this work.

But all of us are concerned with the following issue. The US Senate adopted a decision yesterday, and Europe declared that their sanctions would be extended and even expanded. Will we extend our counter-sanctions in response to the West's decisions?

And a second question: When, God forbid, their sanctions are called off, can we hope for your support in protecting the domestic market, as was the case with Turkish tomatoes, for which Russian vegetable growers owe you a special thanks?

Vladimir Putin: This is not a peripheral question, since it is relevant to the whole country. Why? Two years ago, as you and I know all too well, vegetable and fruit production was the most challenging issue. Prices jumped which could not help but affect household incomes. In fact, we blocked or substantially reduced imports, but were unable to meet the needs of Russian consumers on our own. We did everything we could, and I will not go through the whole list of initiatives we undertook. You know them better than I do, and I hope that you have benefited from them. These initiatives were aimed at helping our ***producers*** expand vegetable and fruit production, primarily vegetables. Two years ago, the inflation rate reached 12.9 percent, and vegetable and fruit prices were one of the main reasons behind this surge, although there were other reasons that also pushed the inflation rate up.

What we believed was that Russian ***agricultural*** ***producers***, meat ***producers*** and those growing fruit and vegetables, needed to expand their operations to such an extent as to be able to satisfy domestic demand. You have been successful at this, and I would like to thank you. Not only you, but all those who live in rural areas.

The inflation rate is now at just 4.1 percent. This is a tangible result that benefits the entire industry. After all, almost one third of the country's population lives on ***agriculture***, if we include the rural population working in social services. This is a very positive development. You were right to say that your products have superior quality.

The Government has extended the sanctions until the end of 2017, to December 31. We will see how our relations evolve with the countries that imposed these restrictions on the Russian economy.

As for the question of keeping the restrictions in place indefinitely, if our partners lift the sanctions they imposed on us, we will have to do the same. Otherwise, Russia will face issues in the WTO. What I want to say is, first, we need to promote competition on the domestic market so that it benefits consumers, including those who live in major cities. Secondly, we very much hope that you will succeed in expanding your operations and enhancing your competitiveness, and we are doing everything we can to help you succeed. If you reach the same level of quality and labour productivity as your competitors, you will always have an advantage on the domestic market due to lower logistics costs. For this reason, we are providing indirect support, which is not prohibited under WTO rules. As a matter of fact, there are many loopholes that can be used, and we will continue to do so. However, you should not expect any massive, direct, or, should I say, aggressive support measures from us. Now is the time when you have to do everything it takes in order to become competitive in the near term.

Tatyana Remezova: Let's cross to the call centre and hear a telephone call. Maria, you have the floor.

Maria Gladkikh: Yes, thank you.

Mr President, many people call about issues that they have been attempting to resolve at the local level for a long time. Finally, when they get desperate, they turn to you in a bid to get something done quicker. We have a call now from Trans-Baikal Territory.

Hello, you are on air. Please introduce yourself.

Natalya Kalinina: Hello,

Mr President, I am Natalya Kalinina, a resident of Olovyanninsky District, Trans-Baikal Territory. My village, Shiviya, was burned down entirely on April 29, 2015. I remain homeless to this date.

We were offered housing, but it was unfit for habitation. I have a small child and am a single mother. I have turned to all possible levels of authority, but have received no response anywhere. Our district officials have taken no action at all.

My daughter is set to begin school this year, but we have no place of residence registration. We are living in an old abandoned house. Mr President, please help us to obtain a decent place to live.

Thank you very much. God bless you.

Vladimir Putin: Ms Kalinina, please stay on the line. Which region are you in?

Natalya Kalinina: Olovyanninsky District, Trans-Baikal Territory.

Vladimir Putin: Trans-Baikal Territory? This is strange.

Yes, Trans-Baikal Territory was indeed hit by fires in the summer of 2015, and we disbursed in full federal money for providing the fire victims with new housing.

I do not remember the exact figure now, but I think it was a bit over half a billion rubles that we allocated, including over 300 million for resolving these housing problems, and this money was to have been spent on either buying housing or on building new homes for families such Ms Kalinina's.

The region has a new governor, true, she arrived only in 2016. I will ask her to look into this situation and will also ask the prosecutor's office to investigate where the money went and how it was spent. Whatever the case, we will resolve your problem. This is the state authorities' duty. We promised to provide everyone affected by the fires with housing, and we will do this.

Dmitry Borisov: Maria, what are the updates? How many calls per minute is the call centre receiving? How busy is the line?

Maria Gladkikh: Of course, Dmitry, I can give you the updates. But first, I would like to show you how questions for the Direct Line are taken. Our operators fill in forms for every caller with their name, gender, age, occupation and, of course, their question.

For example, here we have a form for Ella Pavskina from Moscow Region who asked a question about kindergarten waiting lists. Every minute we receive 106 SMS and MMS messages. Our operators take around 127 calls per minute. The line's maximum capacity is up to 456 calls.

Right now, we have a call from Ivan Tarkin in Vladivostok. Good evening to you, since it is already evening in your city. You are on. Please ask your question.

Ivan Tarkin: Mr President, this is Ivan Tarkin from the free city of Vladivostok.

Mr President, can you explain what is going on with the One Hectare ***programme***? Mockery is the only word that describes it. You have to spend months on the website to register your plot and nothing happens, the website crashes all the time.

By the skin of my teeth, I managed to get a cadastral number, print the contract, sign it and submit it to the Vladivostok Land Committee, last February.

Since then, I have not been able to get it back for ever new reasons. A hundred years ago, Stolypin with his primitive tools never made such mistakes. Why is that?

Vladimir Putin: The Stolypin reference is appropriate here, of course. Do not forget that there were also so-called Stolypin trains that people were forced onto, and so-called Stolypin ties, which were nothing but gallows. But it is true; we must remember all the positive things that Stolypin did for our country. This is why there is a monument to him outside the Government House in Moscow. We do not have a death penalty now as you know, although sometimes, you know what I mean.

As concerns the hectare ***programme***: first of all, the ***programme*** is going fairly well overall. I will speak about this in a minute. Primorye Territory is struggling with it the most, I will explain why.

Last February, we made a decision that any Russian citizen who wants to move to the Far East will be given one hectare.

The number of applications rose immediately. There are 92,000 applications now. Even the system that was designed to process them has glitches. About 27,000 of the 92,000 applications have been granted, which is more than a third. This is the first thing.

The second. In the European part of Russia, it takes up to three years to obtain a land plot, as disappointing as this sounds, while in the Far East it takes a little over two months to get this one hectare.

Your case is, of course, discouraging. What could be the matter is beyond my knowledge, but we will certainly try to help you. I am sure that the relevant ministers in the region are listening, as is Deputy Prime Minister Yury Trutnev. They will certainly respond.

What is the problem? The problem is that they do not have a proper cadastral register. This is their first problem.

The second problem is that too much land belongs to official agencies, like the Defence Ministry, the Academy of Sciences and all the departments involved in environmental protection. And so we have one figure on paper and a different one in reality. You have been issued a cadastral number, but when you started checking the data you found a disparity, and now you need to settle it with various departments.

I will try helping you in this. I will try helping my colleagues, the governors, coordinate these issues so that nobody else has these problems. I am sure that you will receive your hectare of land. Good luck.

Tatyana Remezova: We do receive many complaints from the Far East about the allocation of land under the One Hectare ***programme***. At the same time, people from other regions demand to know when this ***programme*** will be spread around Russia. Vasily Denisov from the town of Blagoi in the Tver Region wonders if the One Hectare ***programme*** will also be applied in other regions, which must surely have unused land too.

Vladimir Putin: There is enough unused land in Russia. For example, over 43 million hectares of farmland is not being used for its intended purpose. This is a huge amount.

But first we need to complete the experiment in the Far East. As you can see, there are some problems, such as the one we heard about on the phone, although the situation is mostly favourable. In other words, we first need to test this process in the Far East. And we also need to settle the problem of cadastral registers.

Overall, I believe that the person who asked this question is right, and we do need to make use of this land. However, we should do it carefully so as not to create a secondary market for the land we allocate under the One Hectare ***programme*** because our people are very creative, you know: they can take several hectares first, then there will emerge a secondary market, and we end up with those hectares being resold many times without any tillage. Although the corresponding law says it all. This land is not being allocated as property. The land holders must show good result during the first five years, after which they will be able to receive either a long-term lease for this land or appropriate it. But they may not sell it to foreigners. In short, we need to test every detail of this ***programme*** in the Far East. But overall, it is the right idea.

Tatyana Remezova: Thank you.

Dmitry Borisov: This year, the call centre editors, and all of us working on the Direct Line, selected a number of questions not only to let a person ask it live over the phone, or to record a video message, but to immediately send a film crew to the scene to see with our own eyes, through the eyes of our colleagues, what is happening there, on site. The first such place is Balashikha, outside Moscow. Our colleague Dmitry Kaistro is there now.

Dmitry Kaistro: Hello!

It is raining today and visibility is not great, but giant rubbish heaps are clearly visible in the heart of this neighbourhood of Balashikha. This dump has been here for more than 50 years, poisoning everything around it, and rubbish trucks bring more all the time, day and night. This dump is even visible from outer space - it takes up about 50 hectares and is closing in on the surrounding houses.

We have worked here for several days, but when we arrived at the landfill, strong young people emerged wearing "environmentalist" T-shirts with 'Environmental Control' written on them. They showed us some kind of facility for processing rubbish, even decorated with balloons in the colours of the Russian flag - it looked like some proactive move. This was a perfect illustration of the place and the disaster that has rallied tens of thousands of people here. We did not even have to ask - people came to us to talk about the burning matter and ask their questions.

Yelena Mikhailenko: Hello!

We live here in the neighborhood of Kuchino, in Balashikha, and some of us are from Olgino and Pavlino. The situation here is terrible, simply unbearable in fact. There is a huge landfill, the biggest in Moscow Region, within our town, just 200 metres from residential areas, kindergartens and clinics, and only 20 kilometres from the Kremlin. This is a violation of Federal Law No. 89.

Fires occur on the landfill daily; it is impossible to breathe, and there is a constant release of gases, methanethiol and sulphur dioxide. They become converted to hydrogen sulphide, and we breathe it. Many suffer from nausea and vomiting, all the time. It is unbearable.

We have appealed to many government agencies at various levels, receiving only formal and noncommittal replies; we have it all documented. We do not know what to do. This is not only our problem; it is a problem for the whole country. We do not know what to do in this situation. Turning to you is our last hope.

Vladimir Putin: This is a very sensitive and complicated issue. I know full well what you are talking about. I have seen this waste disposal site. As the reporter said, it has been there for 50 years. By the way, I see that you are standing by a building that was clearly built less than 50 years ago. Someone did decide to build housing near a waste disposal site that has been there for 50 years. So let's not forget the people who took the decision to build residential buildings in this area. The dump has been there for 50 years. Nevertheless, we have what we have, and it is our duty to respond. Of course, we are aware of the problem. There is special urgency to deal with it in the Moscow Region, Tatarstan, Tula and a number of other regions.

What measures will be taken? First, a decision was made to build recycling plants. Four of them will be erected in the project's initial phase, and three of them will be located in the Moscow Region. By the way, advanced Japanese technology will be used, provided by Hitachi, if I am not mistaken, and the Rostec Corporation will be in charge of building these units. This should be done as quickly as possible. This is the first point.

The second point is that 5 billion rubles were allocated from the federal budget, which is a substantial amount, to resolve the most pressing issues we are currently facing in this area. This is clearly your case. I will ask the Governor of the Moscow Region and the federal Government to use these allocations to resolve the most pressing issues like the one you are facing. I hope that this will be done.

The law on waste management was adopted quite a while ago, but its enactment has been delayed time and again. I think now it is expected to come into force on January 1, 2019. Why was it rolled back? Because manufacturers have to pay recycling fees under the law, so during the crisis, manufacturers asked us to postpone these fees in order to lessen the burden on the economy. This is the first thing I wanted to say about this law.

Secondly, with regard to individuals, this law stipulates that certain environmental fees must be paid by individuals as well. However, the effect of paying these fees will not be visible right away, because it is first necessary to build something using these funds, after which the effect will become visible. All this time we had doubts: will the people understand this, and should it be done at all? I want to ask everyone who will engage in this work or is already engaged: the people will certainly understand if they see where the money is going, and to make sure they do, we need public oversight in place.

By the way, I would like to thank Russian Popular Front, which created the corresponding map. Hundreds of people are already working on this as they identify the most critical issues. With regard to Balashikha, we will look into this issue separately and try to fix it. I can understand perfectly the critical importance of this problem. It has been building up over decades. We will try to fix it as soon as possible.

Dmitry Borisov: By the way, Balashikha is one of the places I was talking about. We were choosing locations in the regions for these reports and these questions arrived on every one of the 12 days that we were taking messages from different regions. We chose Balashikha, and went there. You can see everything and get a good sense of what is going on.

Vladimir Putin: Well, of course. People are standing there, and it stinks to high heaven.

Dmitry Borisov: Unfortunately, the screen cannot convey the smell. You just saw what Dmitry Kaistro showed us. It looks like they have spruced things up a little, and built some kind of a line there in one day. However, we have a photo taken the day before. I just want to show it to you, if I may.

This is modern-day Balashikha, the picture was taken yesterday. In a matter of one day, the balloons suddenly appeared. It looks like the matter is being addressed. They are saying there is no problem whatsoever.

Tatyana Remezova: We now have Irkutsk Region online. Lake Baikal and its biggest island, Olkhon Island. Our colleague Pavel Zarubin joins us from there.

Pavel Zarubin: Hello, Moscow! Olkhon Island sits in the middle of Lake Baikal. Look how beautiful it is here. Shamanka Rock is one of the main attractions of the lake.

Later, we will see that almost all trees here are covered with beautiful ribbons, as, according to local legends, Shamanka Rock and Cape Burkhan are believed to be a special sacred place, a place of worship.

Of course, many tourists come to the Olkhon Island on Lake Baikal. Just imagine that 10 years ago there was no electricity in Khuzhir, from which we are broadcasting now, while now this town with a population of 1,500 has two or three thousand tourists every day in the summer - every single day!

The Yordynsky Games have begun in the Olkhon District. The games are a beautiful ethnic and cultural festival. Let's take a few seconds to watch and listen.

Foreign tourists flock here to see the festival by the thousands; there are so many of them around! But the locals have complained that they live as if in a reservation.

The Russian nature conservation legislation was seriously tightened several years ago. The water conservation zone of Lake Baikal has been expanded inland by dozens of kilometres, and locals say that they will be unable to do anything here if they comply with the law.

They say that it is a major problem. Nearly all the residents of this town have said so, but Viktor was especially expressive.

Viktor, over to you.

Viktor Vlasov: Good afternoon, Mr President.

Let us begin with the road. The road from the ferry to Khuzhir is so bad that it is almost non-existent. Many people come here by car, and these are expensive cars, and so people drive off from the road, trampling vegetation so that it will take a decade for grass to grow here again.

Nobody takes care of this road. The last time the road was filled was 10 or 15 years ago. Local and regional officials always fly in by helicopter, and so they do not see the road and do not know what it means to drive on a road on which vehicles easily turn upside down.

Pavel Zarubin: Indeed, the regional bosses arrived here by helicopter an hour ago. There it is, the helicopter, you can see it.

Viktor Vlasov: A few words about the water. We live on water. Look how much water there is all around us, but we get our drinking water from wells. It is incredibly bad! You fill a three-litre kettle and think that it is full of water, but it turns out there is a layer of hard water build-up two fingers thick in the kettle. Our drinking water is not filtered, and they cannot even build a good water tower.

Pavel Zarubin: As I understand it, you cannot build a road there, or can you?

Viktor Vlasov: No, we cannot build a road because the law prohibits quarrying on the island. Quarrying is allowed only on the mainland. But it would be impossible to transport all the materials by ferry, which runs strictly on schedule.

Pavel Zarubin: So, is it also because of this law that you cannot build a road?

Viktor Vlasov: When the Baikal National Park was established, a reserve was set up on our island. When we met at the club with the representatives, they promised us the moon and said that no one was going to infringe on our rights and nothing bad would happen.

In reality, everything happened: we are not allowed into the forest, not allowed into the fields, and things have reached a point where even our cattle are arrested and we are told that if we let this happen again, our cattle will be shot.

Vladimir Putin: We were in Balashikha only recently and we saw there the conditions in which people are living. This is the result of the fact that environmental norms were ignored at one point and people built housing in places where this should not have been done.

We certainly must resolve this situation now. I would like to get back, because what I have seen made an impression and we must do everything possible to help Balashikha and help the people living there.

Your situation is the other side of the coin, but these are two sides of the same matter. You said that environmental norms and legal provisions were toughened, but these territories are no doubt protected by our international obligations as well.

What can I say here? Of course, everything should be within reasonable limits. The protected water reservoir zone that you speak of should conform to Baikal's status and significance and meet the needs and demands of the people living in the area.

Of course, we cannot force people to carry buckets and cans of water for several kilometres. Water quality should be guaranteed and roads should be built. We must amend the current regulations and laws in such a way as to allow for economic activity, coordinated with the environmental organisations, in order to ensure normal and civilised conditions for the people living in these areas.

We need to make amendments to these laws. I have taken note of the matter. We will work together with you. I will say again that together with the environmental organisations we should do everything to ensure that things stay within reasonable limits. This is definitely necessary work.

I do not think this will have any negative impact on our commitments to international organisations. These organisations make people the primary focus of their work, so why should we not do the same? I see no reason not to. We will address this problem.

Tatyana Remezova: Thank you, Olkhon.

We received many questions from young mothers. This is why we went to a perinatal centre that has recently opened in the Republic of Bashkortostan, where our colleague Ivan Prozorov is working.

Ivan Prozorov: Colleagues, good afternoon,

We are in the Mother and Child clinic, a state-of-the-art multi-purpose centre, where high-technology surgery is performed, including under government quotas.

Of course, the main purpose of this centre is obvious from its name, Mother and Child. We are now in a ward for newborns, where mothers take care of their babies. By the way, we know that this mother and her child are about to leave the clinic. They will be home in a matter of hours.

This child was born less than two days ago. Both the mother and the child feel great, which should be credited among others to Ruslan Garifullin, who is an obstetrician-gynaecologist. He has been working at this centre since its first day.

More than 2,000 babies were born here in almost three years. Doctor Garifullin submitted a written question to Direct Line, and now he can ask it himself.

Doctor Garifullin, go ahead.

Ruslan Garifullin: Good afternoon, Mr President.

I am an obstetrician-gynaecologist, and have been working in maternity centres for 15 years. During my career, I had a chance...

Ivan Prozorov: Excuse me, my colleague is telling me that behind us you can see a ward where a young father has just entered with a newborn. Is that right?

Ruslan Garifullin: Yes, his child was born only a few moments ago.

Ivan Prozorov: Sorry for improvising. We knew that the operation was underway, but did not expect it to happen when we would be live.

Hello, you may not believe it, but this is Direct Line with Vladimir Putin. Millions of people can now see you. Congratulations on behalf of all of them. This is an incredible moment. What is your name, and how do you feel?

Artyom Sukharev: Hello, my name is Artyom Sukharev. This is actually my second child. He was born only 20 minutes ago, and I got to hold him right away. My wife is still in the intensive-care ward, while I get to know my child.

Ivan Prozorov: Were you nervous just as with your first child? Or was it less dramatic?

Artyom Sukharev: You know, I was less nervous, although there were still a lot of emotions.

Ivan Prozorov: Is it a boy or a girl?

Artyom Sukharev: It's a boy. This is the second boy in the family.

Ivan Prozorov: Great, congratulations! What is his weight and height?

Artyom Sukharev: He is 3.8 kilograms and 54 centimetres long.

Ivan Prozorov: Have you chosen a name?

Artyom Sukharev: Yes, his name will be Mikhail.

Ivan Prozorov: Amazing. Can you show us the baby? Is he sound asleep right now?

Artyom Sukharev: No, he is trying to open his eyes. Everything is interesting for him.

Ivan Prozorov: Thank you, and once again congratulations. Please send our well-wishes to your spouse. We will not disturb you any longer. Thank you, and congratulations.

(Applause)

We are returning to the question. Ruslan, I am sorry we were interrupted. Can you repeat your question?

Ruslan Garifullin: This was a good reason for interrupting, great news. I will continue.

Mr President, here it goes. Over the 15 years of my career, I have seen the birth rate both in decline and on the rise, the latter in the past seven or eight years. However, right now we are actually afraid that the birth rate will begin to drop again as a backwash of the birth rate drop in the 90s. There are literally fewer women these days who are ready to have children.

In this regard, my question is, will the maternity capital ***programme***, which expires in 2018, be extended? And will it cover the birth of a third child and further children?

Also, our new mothers are certainly concerned with the child allowance they receive once the child turns 18 months. At the moment they get paid a pathetic 50 rubles. It think it is a measly amount. Will anything change?

Vladimir Putin: First, I would like to congratulate Mikhail and his parents on his birth and the boy himself on coming into this world. It is a wonderful event for his family. We wish the parents and the child the best of luck and happiness.

Now to the demographics. Indeed, we have done a lot to turn the demographic trends towards stable growth. We have achieved a very positive result.

The birth rate in Russia is growing faster than across Europe. When I say that, many of my counterparts are surprised and honestly happy for us. Now, what I want to say about the trends is the following.

Russia suffered the biggest loss in terms of population and demographic development during the Great Patriotic War in 1943 and 1944. In 1943, the birth rate fell by 60 percent compared to the pre-war years.

During that time, fewer than one million children were born in Russia, in the Russian Soviet Federative Socialist Republic. In the 1990s, also due to difficult events, we had 1.2 million children borne, which is similar to the demographic loss during the war. The drop was around 50 percent.

Surely, we must take into account that the second case was also a repercussion of the Great Patriotic War to an extent, added to the dissolution of the Soviet Union, the collapse of the social welfare system, the drop in the quality of life, and massive unemployment. All these factors together resulted in a catastrophic birth rate decline, and it comes back every 25 years.

First the war, then every 25 years, and in the mid-90s the collapse of the Soviet Union and everything it entailed affected the picture. Eventually, we almost fell back to the level of the Great Patriotic War.

And what do we have as a result? The number of young people, primarily women of childbearing age, as professionals say, has plummeted. The generation that was born in the 1990s has entered this age.

The number of young women aged between 20 and 29 has decreased by 34 percent and the number of women aged up to 38 or 39 has dropped by 25 percent. Women aged between 30 and 40 continue to have children, and these are healthy kids. We should be grateful to medical advances for this. But still, the decline is tremendous. The number of people who can become parents has decreased.

We must do something to prevent the demographic gap from becoming wider still. What can we do? First, we have a number of tried and tested systems. You have mentioned one of them - maternity capital. By the way, over 7 million families, over 7 million mothers have received maternity capital, and nearly half of them have used it. This is our first achievement.

Second, allocations for a third child have been introduced in the regions with an unfavourable demographic situation. As a result, the birth rate has increased by 37 percent there. Yes, we have achieved the desired result. Our measures are effective, although they are also expensive. But we are talking about our people, our citizens, and our future. We must analyse all aspects of the problem very carefully. Of course, we must not squander funds, but neither should we be stingy with them. Therefore, we need a set of various measures, such as the extension of the maternity capital ***programme*** as it exists or in a new form.

We must think about encouraging young women to have their first babies, probably by allocating funds to them. Why so much attention to young mothers? Because they are still young, and so we should help them by giving them a start in life. We must also think about encouraging older mothers, that is, mothers aged 30 or more, to have their second and third children.

We have resolved the problem of kindergartens for children aged between three to seven. It is a major achievement of our social policy in the past year. As far as I know, there are places for 89 percent of children in this age group in kindergartens. But we do not have enough day nurseries.

We must have nurseries for young mothers who do not wish to interrupt their careers or would like to have one. We need a ***programme*** and a package of measures. I can tell you that we have ***plans*** for a government meeting to discuss this issue. I will not speak here about the measures we will discuss, but they are on the agenda.

Tatyana Remezova: Thank you, Ufa, and congratulations on the birth of a new citizen of Russia. It is a wonderful event. While we were answering your question, we received a question from Tatyana Prokopenko in Kabardino-Balkaria. She is asking about your grandchildren. How old are they, and what are their names?

Vladimir Putin: You know, my children, my daughters, despite all the rumours, live here in Russia, in Moscow. I have grandchildren and they live a normal life too. My daughters are involved in science and education and they stay out of the public eye, out of politics and live normal, everyday lives. As for my grandchildren, one of them is already in kindergarten.

The thing is, you see, I do not want them to grow up like some royal princes. I want them to live like ordinary people, and for this, they need to have a normal environment and ordinary interaction with other children. The minute I give their names and ages, they would be identified immediately and would never be left in peace, and this would be quite simply detrimental to their development. Therefore, everything is fine, and I ask you to understand me correctly and show understanding for this position of mine.

Tatyana Remezova: We understand you and we congratulate you on being a grandfather.

Vladimir Putin: Thank you. My second grandchild was born recently.

Tatyana Remezova: Congratulations!

Dmitry Borisov: You said that the maternity capital ***programme*** should be expanded. We have received many messages from mothers in the regions asking for the new law to allow them to spend the maternity capital on purchasing a car, which is often an essential thing for large families.

Vladimir Putin: Yes, there have been frequent discussions on the possibilities of spending the maternity capital, which today comes to slightly more than 450,000 roubles. The maternity capital was not indexed over the last couple of years, the last three years even. This is something we must do and we will come back to this.

As for whether this money could be put towards other purposes, this is something we can reflect on. The only thing that has always worried me is that the money will be simply wasted and the mother, family and children will not receive the benefits of this state effort. This money is destined above all for improving housing conditions. Yes, this money is probably not enough to buy housing, but it can help towards buying it. Young families can also join one of the regional ***programmes*** for supporting young families and spend the money through these ***programmes***. Alternatively, it can be spent on health or education. These are the main priorities.

Given the main issue people face today - the drop in incomes - we could perhaps take the simple approach of making it possible for part of the maternity capital to be given directly to the family, only part of it, to support families with two or more children. Perhaps this would be more effective than allowing people to spend it on something that is not a priority and then see it wasted, possibly the item being sold, and even at a loss. Perhaps it would be better to let people have part of the money in today's circumstances. We will reflect on this.

Dmitry Borisov: Still, maternity capital is a lot of money - 450,000. But child benefits, as they report from various regions, are paltry: 183 rubles or 200 rubles.

Vladimir Putin: I am sorry. One of our colleagues, a doctor, has already asked a question about benefits. Yes, they are small. Indeed, they are, but we had a choice: either to increase the benefits or keep maternity capital. We opted for keeping maternal capital. It is a major financial commitment for the government, but it is a more effective tool. Still, we need to think about benefits, too.

Dmitry Borisov: I would like our guests in the studio to join in the conversation. Nailya Asker-zade. Please go ahead.

Nailya Asker-zade: There are representatives of small and medium-sized businesses among our guests, and they complain about problems with financing. One of the business leaders here, Alexander Kychakov from Novosibirsk, develops residential neighbourhoods.

Mr Kychakov, your question please.

Alexander Kychakov: Hello, Mr President!

The business community is often confronted with one and the same problem: although banks declare interest rates of 11-12 percent, the actual rate in our particular case reaches almost 19 percent - 18.75 - through additional mark-ups and charges required to open credit lines, to maintain limits, or to meet restrictions. With such rates, as I mentioned, we will not be able to build a new economy, and unfortunately, business is unlikely to be as profitable as we would have liked. I would like to ask a question. My colleagues will confirm: we just sat here and talked with Maxim, who owns an equipment-making business. I would like to know: do your ministers report to you on the real state of affairs with the financing of small and medium-sized businesses, and whether the Government ***plans*** to do anything with the level of interest rates and take steps towards solving the problem of ensuring growth and access to financing.

Vladimir Putin: Excuse me, what is your name?

Alexander Kychakov: Alexander Kychakov.

Vladimir Putin: Alexander, this, of course, is one of the key problems - the interest rates and the availability of loans. We have the head of the Higher School of Economics here, who would probably explain this to you, even more professionally than I would, especially since he is close to the Governor of the Central Bank.

Why does this happen? Of course, the interest rate always corresponds to the level of economic development. This is one of the key things that affects the country's macroeconomic stability. We had to act based on inflation, which surged to 12.9 percent. The Central Bank was forced to raise this rate, otherwise it would have sent the economy tumbling, but it is reducing the rate gradually, as you know, it is now 12.5, and the rates of commercial banks are also falling. True, the Central Bank promised us that this year the volume of financing from commercial banks will be increased to around 6 percent.

What is happening today? Today, the average weighted rate for corporate borrowers is 11.5 percent. Small businesses probably have to pay a higher interest rate, 11.5 percent is the average figure. Incidentally, regarding this and other subjects we will be discussing, I would like to apologise right away to people who say, "What does the average weighted indicator mean for us? This is like calculating the mean temperature of hospital patients. Some people have bigger loans or lower incomes, and few are what you call average." We need some kind of reference point. What does an average weighted interest rate mean to us? Clients whom the banks view as reliable, stable, transparent and with a good credit history can borrow at even lower rates, while at-risk borrowers can take out loans only at a higher interest rate. As I have already said, we are talking about an average interest rate of 11.5 percent for corporate borrowers and 15.5 percent for individuals. Nevertheless, mortgage lending is on the rise, through all the initiatives to facilitate lending.

I very much hope that the Central Bank continues to move cautiously towards reducing the key interest rate.

Why has the Central Bank adopted such a cautious approach? Unfortunately, the Russian economy still depends on oil and gas. The price of natural gas depends on the price of oil, and a special formula is used to calculate it. The price of oil has recently exceeded $50, and today it is only $48, I think. The Central Bank believes that if it declines, the key interest rate would have to be adjusted. What matters most for us right now is not the key interest rate itself, but avoiding any sharp fluctuations in the key interest rate. We need to ensure a stable exchange rate for our national currency, the ruble. This is what underpins the Central Bank's cautious approach. Some may like it, others may not. I am simply trying to explain the Central Bank's logic. It deserves respect.

There is no doubt that small businesses should be supported. I will not go through all the mechanisms we have in place for supporting SMEs, you probably know them, and these mechanisms should be further improved.

We also have to create incentives for the banking sector to act more aggressively. One thing to keep in mind is that profits of private banks are on the rise and have exceeded 650 billion, which is a substantial figure. At the same time, this kind of growth does not translate into more lending. In fact, corporate lending has increased by only 0.7 percent. The rise in consumer lending was somewhat more pronounced, but this is not enough. We have to work together and be cautious so as not to shake up the macroeconomic landscape. This is the foundation of Russia's financial system and its entire economy.

Tatyana Remezova: Let us hear from the call centre. Maria Gladkikh.

Maria Gladkikh: Thank you.

Mr President, the geography of calls is all over the map. We get many calls from the CIS and beyond. Our editors are telling me we have a call from Kiev.

Dmitry, please ask your question.

Question: Good afternoon. My name is Dmitry, and I live in Ukraine.

Why did you abandon us? Not everybody in Ukraine supports Bandera and Shukhevych. We honour the memory of our ancestors. We march with the Immortal Regiment. Why does Russian television smear us all with one colour?

Vladimir Putin: Thank you very much for your views and for valuing our shared history. You just mentioned the Immortal Regiment. We do see and appreciate that, believe me. And I cannot agree with you that Russian television smears everybody with the same colour, black.

Overall, we make sure not to paint anyone black. But we are cautious about giving you excessive public support, which could actually harm you. We try not to interfere in Ukraine's domestic affairs.

Once again, trust me, we can and do highly appreciate your stance. Thank you for your call.

Tatyana Remezova: Mr President, what do your friends say on this topic? For example, Viktor Medvedchuk, who was actively involved in the exchange of POWs in Donbass?

Vladimir Putin: You know that we have many allies in Ukraine. You just mentioned Viktor Medvedchuk. I met him when he was Chief of Staff of President Kuchma's Administration. He mainly cooperated with Dmitry Medvedev, who was Chief of Staff of the Russian Presidential Executive Office. They are still on very good terms.

Medvedvchuk has his own beliefs. My opinion is that he is a Ukrainian nationalist but he does not like this description. He considers himself to be an enlightened Ukrainian patriot. It is not a secret that his father was an active member of the Organisation of Ukrainian Nationalists and was convicted by the Soviet court, went to prison and then was exiled to the Krasnoyarsk Territory, where Medvedvchuk himself was later born.

He has his own views on Ukraine's independence. He is, of course, an ardent supporter of Ukraine's independence but his belief system is based on fundamental treatises of those whom we can hypothetically describe as Ukrainian nationalists and who wrote their treatises in the 19th century and later on. These are Grushevsky, Franko, Dragomanov and the like. Then comes the man of our time, Chernovol.

All of them - I would like to emphasise that all of them proceeded from the premise that Ukraine should be independent but as a federal state. Moreover, one of them wrote that excessive, "mechanical" centralisation, as he put it, would lead to internal conflicts in Ukraine and this is, actually, what we are witnessing today.

But Viktor Medvedchuk is upholding their view; he is doing this on-the-record in his public speeches and papers. He is involved in scholarly studies. He writes articles and he does all this publicly. Probably, some people in Ukraine do not like this but such is his position.

Incidentally, these fundamentalists of Ukraine's independence and Ukrainian nationalism - some of them did not see Crimea as part of Ukraine at all, but this is apropos. At any rate, all of them favoured federalisation, greater freedom of the individual and democratic development of the Ukrainian state.

Mr Medvedchuk shares this viewpoint but that said, he stands for very good relations with Russia, for economic integration, if not for some form of union. He says it is absurd to destroy the advantages we inherited from the past, referring to the common infrastructure, common energy grid and common financial and technological potentials and cooperation. It is absurd to destroy all this.

He believes economic cooperation is not only possible but also rational. He is acting or rather formulating his ideas proceeding from the interests of his people, the way he sees them. So he is not alone.

We have just heard from Kiev or from Ukraine anyway, from a man who told us that he is taking part in campaigns linked with our common memory. Such people as Medvedchuk are also doing this. He also thinks we should cherish our common past and all the positive events of the past.

Yes, he is involved in the exchange of detainees, prisoners of war, if we could call them that, and he is doing this on instructions from Ukrainian President Petro Poroshenko.

Dmitry Borisov: We have a follow-up to the Ukraine theme.

Here is a question that came through VKontakte social network. "Ukraine widely celebrated the beginning of visa-free travel with Europe. President Poroshenko referred to this as bidding the final farewell to the Russian Empire. After that, he quoted Mikhail Lermontov's poem, "Forever you, the unwashed Russia! The land of slaves, the land of lords ..."

Would you like to answer him?

Vladimir Putin: No, I did not see his remarks on this account. However, I was told about them yesterday, I will not hide this fact. Indeed, Mr Poroshenko thought it fit to read this excerpt from Lermontov's poem, "Forever you, the unwashed Russia! The land of slaves the land of lords, and you, the blue-uniformed ushers, and people who worship them as gods." First, this tells us that he is familiar with the Russian classical literature, and takes an interest in it. I commend him for that. However, this is not the end of this poem. There is the second part, which runs as follows: "I hope, from your tyrannic hounds to save me with Caucasian wall, from their eye that sees through ground, from their ears that hear all."

Mikhail Lermontov was a forward-looking man, and he wanted the political situation in Russia to improve. He was smothered by the atmosphere that prevailed in Russia at that time. And he talked about it openly.

First, if it was Mikhail Lermontov who wrote this poem, he wrote it approximately in 1841-1842, if memory serves, when he was headed for the Caucasus to join the active army. He was an officer and defended the interests of his homeland. He was a brave officer.

Further, at that point, the regions that are considered Ukraine today were Russia's regions, and if the President of today's Ukraine quotes Lermontov as saying that he is leaving for some other place, Lermontov referred to entire Russia, including the areas that today are known as Ukraine. So, there is nothing special to brag about here.

Also, Lermontov was going to the Caucasus, which was part of the Russian Empire at that time. He moved from one part of the empire, St Petersburg, his native land, to another part of the Russian Empire. He was not going anywhere outside of Russia as a matter of fact.

Perhaps, Mr Poroshenko is thus sending us a message that he is not going anywhere, either. However, he does it so finely, looking over his shoulder at the jingoists and the real nationalists, numbskulls running around waving swastikas. However, he is telling us: guys, I have my interests in Russia, and I am really not going anywhere. This may be the case as well.

Of course, this is nothing but conjecture. In fact, most likely, Mr Poroshenko wanted to show his voters that he is delivering on his promise by making a civilisational choice, as the Ukrainian leadership puts it, by leading the country towards Europe.

By the way, remember the line, "the blue-uniformed ushers, and people who worship them as gods?" The place he is taking Ukraine to has more blue uniforms than our country. So, he should stay alert to keep out of harm's way and look around carefully.

To be sure, we have nothing against these guys. I want to say: we have nothing against you, live in peace and harmony, and good luck to you, especially with new recruits.

As for the core of the matter, you know that incomes fell here a few years back, and this is something we speak about frankly. Our average wage, if we put it in dollars rather than convert between rubles and hryvnia, was around $540 a month. Wages in Ukraine were similar, with an average of somewhere in the range of $450, $457, or $460. Wages here have not grown much, but they have grown, and the average was $624 a month in April this year, while in Ukraine, they have dropped to $251 a month.

At the same time, gas prices have at least tripled, and households are paying even higher prices. Cold and hot water costs have also risen, by 200 percent each, and pensions have decreased by 45 percent. If this situation continues, many people in Ukraine will face sanitation and hygiene issues.

Who gets to wash, where, and how often will become a big issue. Of course, Russian and Ukrainian literature both offer memorable and blunt examples that I could use to respond to Mr Poroshenko, but I will not do this out of respect for the Ukrainian people and for our common history and common faith.

If someone wants to become a European, they should first close their offshore accounts and then talk about the good of their people. In this respect, one quote comes to mind. I cannot quote it exactly, word for word, but I can convey the message.

Close to 170 years ago, Taras Shevchenko said, "Ukraine has fought to the point where it suffers more at the hands of its own children than it ever did at the hands of the Poles". I hope that this period in the life of Ukraine and its people will end.

Tatyana Remezova: We have a question from the Stavropol Territory. One of our crews went to the author of this question in Krasnokumskoye, a village that was badly damaged by the May floods this year. We have our colleague Mikhail Akinchenko there.

Mikhail Akinchenko: Good afternoon.

The weather has created many problems for people in the Stavropol Territory. Even today we have been bothered by rain. Of course, it is much lighter than the showers that hit the region in late May and resulted in the worst floods in 50 years. Krasnokumskoye was one village that was badly affected. The overflowing Kuma River flooded some 400 buildings and household plots.

Locals recorded the flood on their smart phones. You can see what happened at the site where we are now. It was flooded for about three days, and the water was about a meter deep or even more. Three weeks later, many people still cannot return to their houses. They are damp and the walls are cracked, so it is unsafe to live in them or even go inside, like this house. The owner, Valentina Sokovskaya, called Direct Line to ask a question. Valentina, what are you doing now?

Valentina Sokovskaya: I am putting away the children's stuff because it will get more damp and smelly if I leave it here. I will move it to save at least some of it.

Mikhail Akinchenko: Valentina, I know that you have been promised financial assistance for repairing this house or for buying a new one. I see that you are not doing anything yet. Why? You can share your problem with the President, who can see and hear you. Tell him.

Valentina Sokovskaya: Hello, Mr President. There is not much to tell. I have not received any money from the government. The walls are cracking, the ceiling is shifting, and the plaster is crumbling. The house has cracked on all sides.

We are waiting for the inspection commission; we cannot do anything until it comes. But the commission will not come until we pay an architectural fee of 6,000 rubles. Also, we must pay 1,800 rubles for certificates to prove that we have nowhere to live. But there are four owners in this house, which we bought with maternity capital, and the total we have to pay is high, about 15,000 rubles. We don't know what to do. We are living with friends, and we have sent our children elsewhere. I have three children, but I only have the youngest with me. My daughter is in a health camp and my son is with my relatives. But I don't know how long this can last. It's good that it's summer and we have friends, but what will we do in the autumn and winter? Frankly, we are at a loss.

Vladimir Putin: I see.

Valentina Sokovskaya: We hope that maybe you will be able to help us in one way or another.

Vladimir Putin: Excuse me, what was your first name?

Valentina Sokovskaya: Valentina.

Vladimir Putin: Valentina, what you have just said is very strange. I simply cannot get my head around it. Can I ask you whether you received the 10,000-ruble allocation and 50,000 rubles for partial loss of property?

Valentina Sokovskaya: No, we have not received anything so far.

Vladimir Putin: Nothing at all?

Valentina Sokovskaya: I am not the only one in this situation. There was no aid.

Vladimir Putin: This is very strange, since the funds for helping the affected families were transferred from the federal budget to Stavropol Territory. I would like to ask the Governor of Stavropol Territory, where did the money go? This is the first thing.

Secondly, I would like to ask the Prosecutor General's Office to check how the work is proceeding.

Thirdly, the fact that you are asked to pay fees to architectural agencies or for receiving certificates of some kind is total nonsense.

You are entitled to 10,000 rubles for your immediate needs, another 50,000 rubles for partially lost property, and 100,000 rubles for unrecoverable property. The municipal, city and regional authorities must deliver all the relevant certificates free of charge, without shifting the burden on to you. We have decided on these allocations of 10,000, 50,000 and 100,000 rubles in order to help people, and did not intend to get the money back by charging people for certificates. This is complete nonsense. Be assured that we will look into this.

Valentina Sokovskaya: Thank you very much.

Vladimir Putin: I hope that the Governor visits you as soon as today.

Valentina Sokovskaya: We hope so too.

Vladimir Putin: He should look into this situation.

Tatyana Remezova: Thank you very much. We will wait for a response.

We are now travelling from the Stavropol Territory to Rostov-on-Don. Our colleague Anton Vernitsky is reporting from outside the new Platov Airport.

Anton Vernitsky: Platov Airport, which is currently under construction 30 kilometres from Rostov-on-Don, was named after Matvei Platov, a prominent chieftain of the Don Cossack Army and hero of the 1812 war. The airport is 90 percent completed and will receive its first flight in December.

Why is this project unique for Russia? While other Russian airports were upgraded or restructured, this airport was built from scratch. Only three years ago, there was nothing here. Now there is a facility that can receive up to 5 million passengers a year. It is equipped with state-of-the-art equipment. Nine jet bridges. Those who saw the old Rostov-on-Don airport where our crew arrived will notice the difference immediately. The old airport does not even compare to this.

Why are we here? Almost 3,000 construction workers and engineers are working here on a daily basis. Alexander Serov is a future member of the staff. He will be receiving passengers. For now, he works at the old airport. He sent his question to Direct Line, and we called him away from his work and invited him here to ask his question to the President in person.

Please, go ahead.

Alexander Serov: Good afternoon, Mr President.

Before I ask my question, I would like to invite you to the opening of Platov Airport next December. We really hope that the completion of such an ambitious and perhaps unique project will not go unnoticed by you.

Now, let me ask you a question. My colleagues, my friends, a large number of passengers and I cannot fly directly between Russian cities. The itineraries require transit via Moscow airports. Passengers have to make a stopover in Moscow and lose precious time or instead travel by train or by car. Are there ***plans*** to expand the domestic flight network to connect our regions directly?

Thank you very much.

Vladimir Putin: Alexander, you have raised one of the most urgent issues both as regards transport accessibility and preserving the unity of our territory. Our people must have the opportunity to move within regions not via capital cities. You are absolutely right.

However, regrettably, this network collapsed completely here in the 1990s and early 2000s. As you know, for several years we have been working to restore it and put it on an entirely different footing. However, distances in the Far East and Eastern Siberia, where this issue is particularly urgent, are great while the population is not big enough to fill up large airliners. So the economics of interregional flights is difficult. Everything has to be subsidised. But we have set up, I think, seven public enterprises to organise interregional domestic flights. This is the first point. They are operating and I am hoping we will expand their activities and number to other regions of the Russian Federation. This is the first part.

The second is the expansion of the airport system, the number of airports. I think we have 230 or 232 airports in all, and a whole ***programme*** to develop the airport network. We will continue working on it and funding it.

The third matter is the availability of adequate equipment because, let me repeat, even if you build an airport... By the way, we will have an absolutely new airport that will be built from the ground up in the open country for the first time in Russia's recent history. Importantly, it is being built using the latest methods and technology. This is vital for transport infrastructure both at the national and regional levels.

However, for a flight from Rostov to Sochi, for example, neither a Boeing nor Il-96 could be filled up. We need small planes and they must be of different haul - those that cover 400-500 km, 1,000-1,500 km or from 2,000 to 4,500 km. We are now localising the production of small modern aircraft that have earned a good reputation with a view to ***producing*** them in Russia.

We also want to bring back a slightly bigger aircraft - the Il-114, I think. Regrettably, the Government did not find the money and I will reprimand them for this. They did not find the funds to develop this aircraft that is critical for us, considering our vast territory.

Nevertheless, we found an opportunity and earmarked several dozen billion from Rosneftegaz for the relevant ***programme*** designed for several years. This aircraft will be manufactured at a modern facility in the Moscow suburbs and I hope very much that everything will be done on time. In any event, I am almost certain that we will make it. At any rate, we know about this and will continue working to fulfil this extremely important task.

Tatyana Remezova: Thank you, Rostov.

Now let us give the floor to our guests again. Olga Ushakova's section, please.

Olga Ushakova: Thank you.

Mr President, we have representatives of the creative intelligentsia here today, our favourite actors, directors, who certainly have questions for you, things they want to ask.

I would like to give the floor to Sergei Bezrukov, National Artist of the Russian Federation and artistic director of the Moscow Gubernsky (Provincial) Theatre. Please go ahead.

Sergei Bezrukov: Good afternoon, Mr President!

First, I would like to thank you for your work on children's issues. On May 29, you signed the Executive Order On the Decade of Childhood. We are grateful for this, and for the support of children's theatres. We have discussed this at the forum in Omsk. Thank you so much. I hope that it will be annual, because they do need support.

So, the question that really worries us, my colleagues and me, I cannot help but ask it. Something monstrous is happening, as I see it, with regard to Alexei Uchitel's film - I am sitting next to him, but I will take it upon myself to explain - the film Matilda.

At first, we thought it was a joke. But then, when checks and inspections began, when people who have not even seen it tried to ban it...

Also there was the Gogol Centre and the incident with Kirill Serebrennikov. Kirill's place was searched, then the theatre, and in no time rumours started about attacks on freedom of speech, freedom of artistic expression, freedom of creativity.

Who needs this? Certainly not you. But it looks like someone is trying to create negative feelings toward the authorities among cultural figures. I would like to hear your opinion on this matter.

Thank you.

Vladimir Putin: We have a big and complicated country, with many people with various views, various points of view, various assessments. There used to be many films featuring the imperial family in former times, I mean they concerned, in one way or another, the imperial family, Rasputin and so on.

There was a lot of that. Those films were much more hard-edged, I would say, than what your neighbour did, Mr Uchitel. I know him personally, and respect him as a person who is very patriotic, for all I know about his views, and who does very talented things. But I would not like to interfere in his dispute with State Duma deputy Poklonskaya. She also has the right to her point of view.

You said that they are trying to ban the film. No one is trying to ban it. She has a stance, she is trying to defend that stance by appealing to various authorities, but no prohibitive decisions have been made on this matter, as you know.

I am really counting on continued open dialogue in our society, but I urge everyone to maintain dialogue within the bounds of decency and, most importantly, within the framework of the law.

Mr Uchitel wants to say something. Yes, please.

Alexei Uchitel: I will not criticise or praise anyone.

Mr President, the absurdity is that - well, one certainly can express their point of view, when they see something. But when I saw Ms Poklonskaya on June 12, I invited her to see the film. She refused. This is what I see as absurd.

I would think that the Duma has, for example, a Committee on Culture headed by the amazing director, Stanislav Govorukhin, where they could deal with this issue. But sending ... Why waste government money on sending the Prosecutor's Office, the Treasury, the Accounts Chamber to inspect us first? They all do the same thing. We show the document that everything has already been checked and everything is in order, and they are doing the same thing.

I would say incitement to this is unacceptable.

Vladimir Putin: Yes.

Dmitry Borisov: Natalia Yuryeva is ready to join us.

Natalia Yuryeva: Thank you colleagues.

This year, for the first time in real time we can see how social network users are reacting to our ***programme***.

NTV launched the hashtag #watching the line a few days before the ***programme***, and we now have 120,000 messages. Another 365 messages have come in as I was speaking.

People say that the internet audience does not watch TV, but we see here that this is just an opinion and nothing more. The most active users live in Moscow, Nizhny Novgorod Region, and Krasnoyarsk Territory.

Let us see now on the screen the post that drew the biggest number of likes. Here it is: Krasnoyarsk residents are waiting to be resettled from khrushchyovki [Khrushchev-era 5-storey apartment blocks]. If Muscovites oppose the ***plan***, try the experiment on us. Hashtag #watching the line.

I suggest we now take a video question that has come to the call centre.

This is a video call via the OK Live service. Hello, you are on. Please put your question to the President.

Question: Hello, Mr President.

I have a category-one disability. My name is Klavdiya and I live in Orel. Could you tell me please why those entitled to federal benefits in this area are not receiving their medicines in full? Why are we forced to fight for our medical provisions in courts? For six months now, I have not been receiving the medicines I need: Cinacalcet, paracalcitol, and mircera.

Vladimir Putin: I heard your question. This is odd to me too, because the federal authorities have ensured full funding for the acquisition of these medicines. There could be some problems related to delayed purchases and delays in...

Remark: I have appealed repeatedly to Vadim Potomsky and Alexander Lyalyukhin, but I am always told that under Federal Law 422, federal beneficiaries will again receive 707 rubles and 22 kopecks and they cannot provide us with the full range of medicines for this money.

Vladimir Putin: We will look into what they can and cannot provide. There are some medicines and some illnesses, the so-called orphan diseases, which I know for certain receive federal funding and are covered in full. Let me say again that there can be glitches due to delays in holding tenders and purchasing these medicines. But there should be enough money for all of these medicines. I promise - the main thing is to remember where you are, I understand that you are in Orel -we will definitely look into this situation.

Remark: Thank you very much.

Can I ask another question?

Vladimir Putin: Go ahead.

Question: Mr President, could you please enact a law so that patients can be transported for haemodialysis from their homes and back?

Vladimir Putin: I remember that this issue was raised last year, including the possibility for providing this treatment at home.

As for transporting patients, I have to be honest that this is the first time that this issue has been put to me this way. I promise you that we will definitely look into it. We will also think about the transport issue. Of course, this will require additional spending, but this is a very sensitive topic and a very important thing for people who are suffering from diseases of this kind. Be assured that we will look into this and do our best to find solutions.

Remark: Thank you very much. It was a great pleasure and honour for me to be able to talk to you.

Vladimir Putin: Thank you, Klavdiya, for this call.

Dmitry Borisov: I would like to thank the call centre.

And now we are live at the Baltic Shipyard in St Petersburg with our reporter Dmitry Vitov.

Dmitry Vitov: We are at the Baltic Shipyard's outfitting quay, where the construction of a unique vessel, the Arktika nuclear icebreaker, is about to be completed. It will be a successor to the legendary Soviet icebreaker which was the first surface ship to reach the North Pole in 1970s. This new icebreaker was floated out last year, and the nuclear reactor has already been installed.

Mr Ryzhov, as you were telling me, what is its overall propulsion power?

Yury Ryzhov: The icebreaker's overall propulsion power is 60 MW.

Dmitry Vitov: So the foreign newspapers are right when they call it the biggest and the most powerful icebreaker in the world?

Yury Ryzhov: This is the largest and the most powerful icebreaker in the world with the highest icebreaking capability.

Dmitry Vitov: Mr Ryzhov works in the shipbuilding department. I hope that you will not take it as an offence if I call you an elder of this plant. How many years have you been working here?

Yury Ryzhov: I am one of the oldest employees here. I have been working at this plant for about 50 years.

Dmitry Vitov: The history of the Baltic Shipyard goes back 160 years. Your career lasted one third of its history.

Mr Ryzhov has told me that the Baltic Shipyard has always been regarded as a unique experimental facility. It built the first metal ships and the first Russian submarine a hundred years ago. It also built gunboats and battleships. It did not stop working during the Great Patriotic War, when it built barges for the Road of Life. In the 1990s, which was yet another difficult period in Russian history, the shipyard built heavy nuclear-powered missile cruisers such as the Pyotr Veliky, which are serving in the navy.

The people I have talked with told me that the most difficult time in the shipyard's history was the early 2000s, when private owners almost bankrupted the shipyard, because they only wanted the land on which it stands on Vasilyevsky Island in the centre of St Petersburg. They probably wanted to build luxury housing or malls here. But the government has saved the shipyard. Right?

Yury Ryzhov: Yes, you are right. The early 2000s was probably the most difficult time for the plant and its personnel. The number of people working at the plant dropped from 12,000 at the best of times to 3,000. The shipyard stopped building high-tech nuclear-powered battleships and only turned out unpowered bulk oil barges. The situation is improving now, thanks to the state and the President. We have a thick portfolio of state contracts until 2021.

Dmitry Vitov: Mr Ryzhov, you can ask the President your question.

Yury Ryzhov: Good afternoon, Mr President.

Vladimir Putin: Good afternoon.

Yury Ryzhov: I have a question from the Baltic Shipyard staff and myself. What will happen to the plant? What could we do in light of the Government's Arctic development ***plans*** and Arctic projects? Will you use the shipyard's rich, unique experience of building nuclear-powered vessels? Do you have modernisation, construction or further development ***plans*** for the plant? Thank you.

Vladimir Putin: The Baltic Shipyard is a flagship of our shipbuilding industry. You just spoke about the history of the shipyard. I know about the difficulties the plant faced in the 1990s and the early 2000s. When I worked in St Petersburg, we tried to support it and make sure it got orders. By the way, we managed to keep the plant going, and it was also helpful for the Navy. Those rough attempts to privatise the Baltic Shipyard are, thank God, in the past. I am talking about rough and fraudulent schemes.

Nowadays, the United Shipbuilding Corporation is growing, and the shipyard is developing. And it will keep developing. We saw you near the new Arktika nuclear icebreaker. Our ***plan*** is to build four icebreakers of this class. I think you know about this. The first one is the Arktika; then there will be the Sibir and the Ural. They all have a high power of 60 MW. By 2025, another icebreaker class will be developed, even more powerful, twice as powerful as those that I just mentioned, one of which you are finishing. The new class will have a power of 120 MW. If the first class breaks ice up to three metres thick, the Lider will be able to deal with unlimited amounts, any thickness. All this is due to the latest technology which the Baltic Shipyard is mastering very fast thanks to its prior experience and the opportunities of modern developments.

Therefore, what can I say? We have included the necessary funds in the budgets. The prospects for the Lider are more distant and the funding options are not yet clear, but I am certain we can accomplish this.

I want to point out that nuclear icebreakers of this class are not built anywhere else in the world. Russia has them because we need to operate in the Arctic. As you said, we need to establish ourselves there, and we will do it. There will be plenty of work for the shipyard. I am certain the plant will not only retain its team but also expand it. I wish you all the best.

Tatyana Remezova: Mr President, I have a question coming from the website of our ***programme***: why are we so focused on the Arctic? For the past 20 years, no one spoke about it, and today we see Arctic troops even at the Victory Day parade. A lot of money is spent on the Arctic. Why is this being done?

Vladimir Putin: While we are on this subject, what else can I say? I have already started talking about this. The Arctic is an extremely important region, which will ensure the future of our country. Mikhail Lomonosov once famously said that Russia would expand through Siberia. I can say with confidence that Russia's power and capabilities will expand as we develop the Arctic region.

As I mentioned at a meeting held in the Arctic, by 2050 about 30 percent of all hydrocarbons will be ***produced*** in the Arctic area. Some of our major projects are already being implemented there with NOVATEK building a plant, a company town, an airfield, and a port in the Arctic zone. Production has already begun in the Arctic.

Therefore, from an economic point of view, this is critically important. Especially so if the climate is going to change. Despite a cold spell in Moscow, the global warming trend will continue, meaning that the navigation period in the Arctic zone will get longer. In turn, this means that the Northern Sea Route will be used much more actively than now. The navigation period will go from the current one or two months to four and even five months.

The so-called non-regional powers are showing an active interest in this region. That is a good thing, and we are willing to cooperate with them, but we must ensure our priority interests.

I went to Franz Josef Land recently. The people who work there told me that many tourists go there, including those from other countries, and some tour guides have already told tourists that these islands used to be part of the Soviet Union.

This should put us on alert, as it is our territory. So, we need to ensure the use of these routes, develop our economic activity in these areas, and ensure our sovereignty over these territories. Let us not forget about the purely military aspect of the matter: it is an extremely important region from the point of view of ensuring our country's defence capability.

I do not want to stoke any fears here, but experts are aware that US nuclear submarines remain on duty in northern Norway, the time it takes a missile to reach Moscow is 15 minutes, and we need to have a clear idea of what is happening there. We must protect this shore accordingly, and ensure proper border guarding.

On top of everything, from the point of view of ***strategic*** weapons, the flight route of the ground-based missiles located in the United States passes precisely above the North Pole. I hope it will never come to that, but since we are aware of it, we just need to make sure that the missile warning system and the missile launch control system are in place.

This is what the Arctic means to us. We had not engaged in this work before not because it is unimportant, but because we were unable to afford it. We just let it go, as, unfortunately, we did many other things that are critically important for our country. Now we are back to it, I hope, for good.

Dmitry Borisov: We can now go back to St Petersburg so that you can ask a second question.

Dmitry Vitov: We have been able to get a glimpse of people working at the plant. These are incredible people. Not everyone would be able to work in these conditions.

For example, welder Alexei Bogdanov has been telling me that while you can learn the welding profession elsewhere, it is only here that shipyard welders work, on the building berths and the outfitting quay.

Apart from professional matters, local workers, just like St Petersburg residents in general, have questions on broader issues. Ivan Brattsev is a worker who builds icebreakers. Ivan, you have a question. Go ahead.

Ivan Brattsev: Good afternoon, Mr President.

We work in the Baltic Shipyard, where we build the most powerful and the largest icebreakers in the world. However, my question is not related to industrial matters. Many residents of this wonderful city, myself included, are eager to hear your personal perspective on the future of St Isaac's Cathedral.

As someone who was born and grew up in St Petersburg, do you think that it would be right for the city to keep the cathedral and preserve it as a museum and an architectural landmark or transfer it to the Russian Orthodox Church?

Vladimir Putin: I did not expect this question, especially from the Baltic Shipyard.

What I can say is that Russia is a secular state. This is the way it was created, and it will stay this way. This is my first point.

Second, after the October Revolution, the state went to great lengths to destroy our spiritual and religious roots, and was unwavering and cruel in pursuing this objective. Many churches were razed to the ground.

Back then the state attempted to come up with a quasi-religion and replace the Bible with the Moral Code of the Builder of Communism. It did not work. Many cathedrals were demolished; many priests perished, were killed, sent to camps or executed by firing squads.

And the traces of what happened back then are all around us. Here in Moscow, not far from where we now are, the Cathedral of Christ the Saviour was razed to the ground. It was not uncommon for churches to be used as stables or workshops. Thank God St Isaac's Cathedral was spared.

You know, of course I looked into this issue. It is true that this cathedral never belonged to the Church. Throughout its history it was operated by the state. However, the Tsar used to be the head of the Church, so if we see it this way, the Church did own the building. It was built as a cathedral, as a church, not a museum. It was intended for worship, for people to pray there.

And what did they do there in the Soviet days? They set up Foucault's pendulum to demonstrate the rotation of the earth. In fact, it was a museum of atheism, a quasi museum of atheism. In a sense, it was a subtle mockery of people's religious feelings. However, hundreds of thousands, millions of people, including foreigners, visit it. There is no getting away from this fact.

So yes, we have a law passed, I believe, in 2010 on the transfer of religious buildings to religious organisations, and we are supposed to enforce it. At the same time, we have international obligations and other laws that ban the transfer of architectural landmarks under UNESCO protection. There are some disagreements, but I believe we can easily overcome them if we ensure both museum activity and the exercise of religious beliefs. I do not want to jump ahead of myself, but such solutions have been found in other countries. Say, St Peter's Basilica in the Vatican - people go there and there are guided tours.

Therefore, it is important to depoliticise this problem, to stop thinking about it as such, to respect people's religious feelings and never forget that this building and structure was built as a church, not as a museum. Nevertheless, it should retain its function as a museum, of course.

How can these interrelations be fostered? As a matter of fact, it is not so difficult. Simply, there should be no agitation, no exploitation of this issue. People should not be provoked and used as a tool in some petty internal political squabbling.

Dmitry Borisov: The call centre again, Maria Gladkikh.

Maria Gladkikh: Yes, colleagues, our statistics show that women are more active: 62 percent of those who have called are representatives of the fair sex. And now an urgent question from Svetlana Romanova in Chelyabinsk.

Good afternoon, you are on. We can hear you.

Svetlana Romanova: Good afternoon, Mr President,

I have a vegetable plot. I have been using it since 1981. A cottage was built there. No construction regulations were violated. A natural gas pipeline is more than 100 metres away from the plot.

In 2014, a bylaw was passed extending the exclusion zone from 100 metres to 150. As a result, many vegetable gardeners received a court summons and were ordered to tear down their houses without compensation. Is that legal? Will there be a law to protect us?

To be continued.

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RR\1137559EN.docx PE604.887v02-00 EN United in diversity EN European Parliament 2014-2019 Plenary sitting A8-0329/2017 23.10.2017 REPORT on the deployment of cohesion policy instruments by regions to address demographic change (2016/2245(INI)) Committee on Regional Development Rapporteur: Iratxe García Pérez PE604.887v02-00 2/31 RR\1137559EN.docx EN PR\_INI CONTENTS Page MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION ............................................ 3 EXPLANATORY STATEMENT ............................................................................................ 16 POSITION IN THE FORM OF AMENDMENTS OF THE COMMITTEE ON WOMEN’S RIGHTS AND GENDER EQUALITY ................................................................................... 20 INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE ................................ 30 FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE .................................... 31 RR\1137559EN.docx 3/31 PE604.887v02-00 EN MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION on the deployment of cohesion policy instruments by regions to address demographic change (2016/2245(INI)) The European Parliament, having regard to Article 174 and Article 175 of the Treaty on the Functioning of the European Union (TFEU), – having regard to Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European ***Agricultural*** Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/20061, – having regard to Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/20062, – having regard to Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/20063, – having regard to Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal4, – having regard to Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings5, – having regard to its resolution of 4 February 2016 on the special situation of islands6, – having regard to Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/20067, 1 OJ L 347, 20.12.2013, p. 320. 2 Ibid, p. 289. 3 Ibid, p. 470. 4 Ibid, p. 259. 5 Ibid, p. 303. 6 Texts adopted, P8\_TA(2016)0049. 7 OJ L 347, 20.12.2013, p. 281. PE604.887v02-00 4/31 RR\1137559EN.docx EN – having regard to its resolution of 4 April 2017 on women and their roles in rural areas1, having regard to its resolution of 10 May 2016 on cohesion policy in mountainous regions of the EU2, having regard to its resolution of 9 September 2015 on the Report on the implementation, results and overall assessment of the 2012 European Year for Active Ageing and Solidarity between Generations3, having regard to its resolution of 10 May 2016 on new territorial development tools in cohesion policy 2014-2020: Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD)4, having regard to its resolution of 15 November 2011 on demographic change and its consequences for the future cohesion policy of the EU5, having regard to its resolution of 11 November 2010 on the demographic challenge and solidarity between the generations6, having regard to its resolution of 22 September 2010 on the European strategy for the economic and social development of mountain regions, islands and sparsely populated areas7, having regard to its resolution of 21 February 2008 on the demographic future of Europe8, having regard to its resolution of 23 March 2006 on demographic challenges and solidarity between the generations9, having regard to the Commission’s report entitled ‘The 2015 Ageing Report.

Economic and budgetary projections for the 28 EU Member States (2013-2060)’ (European Economy 3|2015), having regard to the Commission’s sixth report on economic, social and territorial cohesion entitled ‘Investment for jobs and growth: Promoting development and good governance in EU regions and cities’ of 23 July 2014, having regard to the Commission communication of 26 April 2017 entitled ‘An Initiative to support work-life balance for working parents and carers’ (COM(2017)0252), 1 Texts adopted, P8\_TA(2017)0099. 2 Texts adopted, P8\_TA(2016)0213. 3 Texts adopted, P8\_TA(2015)0309. 4 Texts adopted, P8\_TA(2016)0211. 5 OJ C 153 E, 31.5.2013, p. 9. 6 OJ C 74 E, 13.3.2012, p. 19. 7 OJ C 50 E, 21.2.2012, p. 55. 8 OJ C 184E, 6.8.2009, p. 75. 9 OJ C 292 E, 1.12.2006, p. 131. RR\1137559EN.docx 5/31 PE604.887v02-00 EN having regard to the Commission communication of 29 April 2009 entitled ‘Dealing with the impact of an ageing population in the EU (2009 Ageing Report)’ (COM(2009)0180), having regard to the Commission communication of 10 May 2007 entitled ‘Promoting solidarity between the generations’ (COM(2007)0244), having regard to the Commission communication of 12 October 2006 entitled ‘The demographic future of Europe – from challenge to opportunity’ (COM(2006)0571), having regard to the Commission communication of 16 March 2005 entitled ‘Green Paper: “Confronting demographic change: a new solidarity between the generations”’ (COM(2005)0094), having regard to the Commission communication of 6 May 2015 entitled ‘A Digital Single Market Strategy for Europe’ (COM(2015)0192), having regard to the opinion of the European Committee of the Regions of 16 June 2016 on the EU response to the demographic challenge1, having regard to the study of September 2013 of the European Parliament Directorate-General for Internal Policies, Department B: Structural and Cohesion Policies, entitled ‘How can regional and cohesion policies tackle demographic challenges?’, having regard to the ESPON publication on ‘Revealing territorial potentials and shaping new policies in specific types of territories in Europe: islands, mountains, sparsely populated and coastal regions’2, having regard to Rule 52 of its Rules of Procedure, having regard to the report of the Committee on Regional Development and the position in the form of amendments of the Committee on Women’s Rights and Gender Equality (A8-0329/2017), A. whereas demographic change is a genuine issue in Europe and across the globe and a key challenge, not just in general, but also for local development and territorial enhancement policies in the EU today, together with employment-related issues, uncontrolled globalisation, climate change, the transition towards low-carbon economies and the challenges posed by the industrial and technological shift and social and economic inclusion; B. whereas, as is the case in most post-industrial societies, the population of Europe has been characterised by increasing longevity and low fertility rates for several decades, which is liable to alter the population structure and age pyramid, and entail side-effects of a shrinking working age population and aging population; whereas the economic crisis which has affected the entire European Union has had a strong impact on many areas and regions, particularly the countryside, and has, most notably, generated poverty 1 OJ C 17, 18.1.2017, p. 40. 2 ESPON Working Paper. Luxembourg, ESPON EGTC, March 2017. PE604.887v02-00 6/31 RR\1137559EN.docx EN and caused depopulation; whereas a persistent gender pay gap and increasing pension gap strongly hinder the participation of women in the labour market; C. whereas rapid population growth in developing countries and demographic decline of the EU population is projected to translate into the shrinkage of the European Union’s percentage share of the world’s population from 6.9 % in 2015 to 5.1 % in 20601; D. whereas it is projected that 132 out of 273 NUTS level 2 regions will see a decrease in population between 2015 and 20502; whereas this decrease will affect Local Administrative Units (LAUs) in particular; E. whereas the top priority for the European Union and all the Member States is to promote growth that is at once smart, sustainable and inclusive; F. whereas geographical or demographic features serve to exacerbate development problems; whereas, for this reason, the Treaty of Lisbon added territorial cohesion to the goals of economic and social cohesion; G. whereas demographic change does not affect all countries and regions in a uniform manner, on account of both its natural dynamics and the migratory movements that it entails, with the majority of urban and, in particular, metropolitan areas experiencing a population gain and most rural and remote areas experiencing a decline, the picture being very mixed in the outermost regions; whereas such imbalances represent major challenges both for territories suffering from depopulation and for those experiencing a population influx; whereas isolated areas and areas to which access is limited are the most exposed to demographic decline; whereas, on the other hand, attention should be drawn to the effects of ‘suburbanisation’, which, as a consequence of a large population movement from big cities to their surrounding areas, puts pressure on both local and regional authorities; H. whereas European regions are not unbroken expanses of territory; whereas they can contain pockets of unemployment or poverty and face particular challenges, especially as regards demographic change, making it vital to set up targeted instruments to reduce sub-regional disparities and help bring about a better territorial balance in terms of urban, peri-urban, and rural areas; I. whereas women, and single mothers in particular, are more exposed to poverty and exclusion; J. whereas demographic change poses a challenge in ensuring the social cohesion and well-being of the whole population, and in encouraging balanced economic development; whereas demographic change has repercussions on infrastructure and the accessibility and quality of services, which translates into connectivity divides or medical deserts and is often the result of insufficient links between urban and rural populations; K. whereas demographic change involves major policy challenges in different areas linked 1 Eurostat, ‘The EU in the World’, 2016 edition. 2 Eurostat, ‘Eurostat Regional Yearbook’, 2016 edition. RR\1137559EN.docx 7/31 PE604.887v02-00 EN to a wide range of cohesion policy fields; whereas regional policy, and its European Structural and Investment (ESI) Funds, including the Cohesion Fund, are key instruments for addressing this change; L. whereas non-urbanised areas in the European Union are home to 113 million people, 12 million farms and 172 million hectares of ***agricultural*** land and make an extensive contribution to European economies, cultures and ecosystems; M. whereas adequate infrastructure and an adequate level of services are important factors in managing the population structure in regions that are sparsely populated or suffering from emigration, where the importance of investment and jobs is greater; N. whereas proper infrastructure and access to public services and high-quality jobs are important factors influencing the decision whether or not to stay in a particular area; O. whereas women are more exposed to poverty and social exclusion than men – all the more so when they are aged over 60; P. whereas demographic change has a greater impact on regions which are lagging behind; Q. whereas demographic change affecting rural areas has economic and social consequences, causes territorial fragmentation and affects quality of life and the environment, all in addition to its serious demographic consequences; R. whereas gender equality is a fundamental right, a common value of the EU and a necessary condition for achieving the EU objectives of growth, employment and social cohesion; S. whereas gender equality represents an important tool for economic development and social cohesion; T. whereas negative demographic change increases the demand for stronger solidarity between generations; General 1. Stresses that demographic change entails major economic, social, fiscal and environmental pressures on Member State governments and regional and local authorities in terms of providing public services, especially welfare and social services, building and managing infrastructure, and ensuring the preservation of ecosystems through sustainable spatial ***planning***; stresses that these pressures will be exacerbated by a declining active population and a higher dependency ratio; underlines the crucial role of high-quality public and private services; underlines the importance of accessible high-quality and affordable public and private services as a tool for ensuring gender equality; 2. Considers that demographic change should be tackled in a coordinated manner through the action of all European, national, regional and local authorities and by pursuing adaptation strategies reflecting local and regional realities and delivering effective multi-level governance both in the architecture of these specific policies targeted at PE604.887v02-00 8/31 RR\1137559EN.docx EN particular regions and in their implementation; is of the opinion that such a coordinated and integrated response should seek to improve the quality of life of citizens and provide them with better economic opportunities, and should seek to invest in the quality, availability and affordability of social and public services in the regions concerned; considers, furthermore, that civil society representatives and other stakeholders should be involved; points out that a comprehensive approach of any kind must reflect the role of cities, rural areas, fishing and coastal areas as well as areas confronted with specific problems linked to their geographical or demographic situation, and that, therefore, said approach will also have to take account of the specific challenges posed by the outermost regions, northernmost regions with very low population density and islands, cross-border and mountain regions, as expressly acknowledged in the Lisbon Treaty; calls on the Member States and the Commission to take into account the effects of different policies on gender equality and demographic change; 3. Recognises that demographic change, while creating new challenges, also brings development opportunities at a local level, as a result of shifts in demand in urban societies, especially with regard to food, leisure and rest, through the potential of ***agriculture***, forestry and fishing to ***produce*** high-quality, safe and distinctive products; considers that rural tourism in general and ecotourism, e-commerce, community-based services and the silver economy in particular also provide opportunities for development at a local level, enhancing the value of domestic ***agricultural*** or non-***agricultural*** products, such as handicrafts, embroidery and ceramics, via the European system of the protection of geographical indications; underlines in this respect the importance of smart specialisation strategies for supporting regions and local territories in identifying high value-added activities and for building attractive innovation ecosystems on the basis of a genuine multi-functional rural development strategy that incorporates the circular economy into regional ***planning***; points out that agri-tourism, which helps to maintain a dynamic lifestyle in rural areas, is also a significant sector; highlights the importance of social dialogue and the inclusion of social partners together with other local stakeholders and authorities at all stages of ESI Fund ***programming*** and implementation for better anticipating the effects of demographic change on local labour markets and developing new strategies addressing such challenges; Characteristics of demographic change in the EU 4. Notes that the main problems relating to the demographic change currently experienced in many parts of the EU are aging brought on by disruption of the age pyramid, a drop in birth rates and subsequent drastic drop in infant and youth populations, constant population loss, skilled workforce shortages, a lack of jobs, young people moving away for want of job opportunities and changes in demographic structure; recognises that the current ***agriculture*** policy, the loss of traditional activities, products, production systems, labour force and local know-how, the invisible work done by women, the lack of entrepreneurship, regions lagging behind or unable to compete owing to a lack of investment, or loss of biodiversity, and loss of woodland to shrubs and fire risk, are further significant problems connected with demographic change; underlines that the impact of these trends differs significantly from one region to another, partly on account of the movement of people to big urban centres in search of jobs; RR\1137559EN.docx 9/31 PE604.887v02-00 EN 5. Stresses that one of the main objectives of an EU demographic policy should be to take into account all territories having to contend with demographic imbalances and the specificities of those territories, factors which cohesion policy has long been seeking to adapt to, and will have to do much more to adapt to after 2020; emphasises the fact that while demographic change affects all areas, whether rural or urban, its implications differ and depend on different factors such as the intensity and speed at which change occurs or whether it affects regions with net immigration or regions with a shrinking population; 6. Stresses the need to promote and support small and medium-sized mountain and rural farms which, by using traditional techniques and production methods that exploit natural resources – such as pastures and different types of forage crops – in an integrated and sustainable manner, ***produce*** products with specific quality characteristics and could serve to reverse or decrease depopulation in those areas; 7. Stresses that those demographic phenomena affecting the Union are not new, but have now increased with an unprecedented intensity, in particular as a result of social and economic pressures; draws attention to the steady increase in the number of elderly people – around 2 million people every year reach the age of 60 – which impacts on spatial, housing and transport ***planning*** and on other types of infrastructure and services; notes with concern that regions characterised by a sharp decline in working-age population will be particularly hard hit by demographic challenges; recognises that lack of investment, poor infrastructure, low connectivity rates, limited access to social services and a lack of jobs are key contributory factors to depopulation; stresses that demographic changes can have a considerable impact on pensions and on environmental sustainability in particular, as the depopulation of rural areas and increasing urbanisation affect eco-systems, nature conservation and the use of natural resources, with particular repercussions on urban land use, infrastructure, housing markets and greenery; 8. Considers that the gender dimension of demographic change should be taken into account in a cross-cutting manner, as regions experiencing demographic decline also suffer from gender and age imbalances due to out-migration; believes that the challenges presented by demographic change can and must be addressed within a policy framework propitious to gender equality, which is why gender must be factored into debates on all matters connected with demographic issues; considers, therefore, that the implementation of gender mainstreaming within all ESI Funds should be further strengthened in the future; 9. Recalls that the Europe 2020 Strategy addresses demographic challenges in most of its seven flagship initiatives, which were designed to overcome the problems of and establish vital priorities for the EU in the fields of employment, innovation, education, poverty reduction, and climate and energy; points out that a fundamental part of implementation of the strategy and its flagship initiatives is based on financial support through cohesion policy instruments, including provisions to tackle population change and aging, and that these dimensions need to be stressed in all European Union instruments; 10. Considers that the challenges of declining and aging populations will require objective, PE604.887v02-00 10/31 RR\1137559EN.docx EN thorough and comprehensive reassessments of many established economic, social and political policies and ***programmes***, which will need to incorporate a long-term perspective; Coordination of EU policies 11. Calls for a greater coordination of EU instruments, in particular the common ***agricultural*** policy (CAP), ESI Funds, including the Cohesion Fund, European Territorial Cooperation, the European Fund for ***Strategic*** Investments (EFSI) and the Connecting Europe Facility, so as to ensure a more comprehensive approach to demographic change; suggests that, given that the mechanisms employed so far have not held back the advance of demographic imbalances, a review of existing policies and of the functioning of all such mechanisms is required; welcomes, in this context, the efforts made to maximise synergies between the ESI Funds and EFSI; calls on the Commission once more to propose a strategy on demographic change which prioritises the following fields: decent employment and good-quality industrial relations, paying special attention to new forms of work and their social role; the territorial aspect of policies promoting economic activity and employment; the promotion of infrastructure as a factor in business location, so territories facing demographic challenges become accessible and competitive; widespread ICT cover competitive as regards both quality and price in territories with a lower population density; the provision of basic welfare state services in territories facing demographic challenges; local public transport to ensure access to public services; policies designed to ensure a better balance between family and professional commitments, sustainable generational renewal and adequate care for dependent persons; policies on the reception, integration and return of migrants and refugees under international protection; and the extensive use of new, more attractive settings for conveying information about rural life; underlines the importance of existing initiatives such as the European Innovation Partnership on Active and Healthy Ageing, Ambient Assisted Living and the EIT Digital and Health Knowledge Innovation Communities; calls on the Commission to take into account the solutions already developed by these initiatives when addressing the demographic challenges faced by European regions; stresses the importance of the European Qualifications Framework for Lifelong Learning as a way of supporting education and training in areas at risk of depopulation; considers that the better regulation agenda should require the impact analysis conducted prior to any EU legislative initiative to include the effects the latter may have on demography; 12. Highlights the importance of the EU incorporating demographic considerations throughout the policy spectrum, including in its budget headings, in order to enable the development of these policies, particularly in cohesion, employment, ***agriculture***, environment, the information society, RDI (research, development and innovation), employment, education, social policy, and transport; considers that the findings of demographic impact reports need to be incorporated into the design of its policies and demographic criteria factored into the assessments of those policies’ outcomes and undesired effects with a view to favouring an approach to demographic change that includes the involvement of regional and local authorities; is of the opinion that special attention should be paid to rural areas which face these demographic problems particularly acutely; highlights, in this context, the potential of the Smart Villages initiative, whereby with modern technologies such as 5G and innovation, rural RR\1137559EN.docx 11/31 PE604.887v02-00 EN communities can be revitalised; stresses, in addition, the importance of strengthened cooperation between rural and urban areas; highlights the importance of providing universal access to high-quality and affordable public services and infrastructures, including digital public services and infrastructures, particularly for children, young people and the elderly, in order to foster social inclusion, ensure gender equality and alleviate the effects of demographic change; stresses the importance of providing new opportunities for paid employment, particularly in areas at risk of depopulation, in order to preserve communities and create the conditions to facilitate a satisfactory life-work balance; considers it important to insist on a global geographical vision for urban and rural areas as complementary functional spaces; stresses that greater integration between the various funds is needed, in order for there to be genuine participatory and sustainable local development; points out that EU demographic policy should aim to be more complete and more coordinated with Member States and horizontally; recalls that the European Union does not just contribute funds for regional development but also shapes to a large extent the capacity of local and regional authorities to use their own funds to combat social territorial inequalities; stresses that even if, as a result of modernising state aid, those exceptions for which notification is not required have been simplified and increased in number, the current framework is still very complex and burdensome for smaller regional and local authorities; considers that, even if public procurement regulations were simplified in 2014, there are still too many obstacles for small local and regional authorities to be able to improve the economy of these sensitive areas; 13. Considers that that the EU should support migration and inclusion policies in the Member States, by respecting the rights and competencies of those Member States, as well as the subsidiarity principle, in order to minimise negative demographic trends; highlights the significant role of family-creating and family-supporting policies; considers that local and regional bodies should be authorised to implement successfully integration policies on the ground; takes the view that local and regional authorities should be active participants in measures taken to address demographic challenges; calls for the annual growth survey and the country-specific recommendations to consider regional disparities and imbalances between regions within the Member States; believes that in border regions such cooperation must reflect both the demands and scope for cross-border initiatives; suggests that training ***programmes*** be developed in this field in order to create a better understanding and greater awareness of the issues involved; considers that tackling demographic problems must have an integral throughout Europe and that solving a problem in one part of the continent should not have negative effects on other areas in Europe; calls for the creation, at a pan-European level, of networks for the exchange of good practices and experiences through which local and regional authorities, as well as civil society stakeholders, can educate each other on addressing issues created by demographic change; Enhancing the effectiveness of European funds 14. Stresses that ESI Funds must address demographic change more effectively in the next ***programming*** period, by means of: a greater, better targeted focus on demographic change as a priority area in final regulations and in guidelines to support Member States, regions and local governments, exploring the potential of ESI Funds for the purposes of addressing demographic change and devising and implementing association PE604.887v02-00 12/31 RR\1137559EN.docx EN agreements and operational ***programmes***; a more proactive approach in demographic policy-making and the exchange of good practices and experiences for institutional learning; technical support for managing authorities and local stakeholders in implementing effective policies addressing demographic change at both national and regional levels; and the obligatory active participation of local authorities in the design, management and in-house evaluation of ***programmes*** implementing funds and the necessary identification of regions faced with demographic challenges at NUTS 3 and LAU level; encourages the provision of technical support and training for local stakeholders and the managing authorities for the purposes of implementing effective policies addressing demographic change at national, regional and local level; takes the view that, in some Member States, subsidies at NUTS 2 level often conceal socio-territorial, intra-regional and even supra-regional inequalities; calls for the EU’s maps to use a scale sufficient to reflect territory-related problems so that they may help target support to the most disadvantaged areas; 15. Asks that the European Regional Development Fund (ERDF) make a greater contribution to and provide more support towards helping areas with high aging, rurality and population outflow indices to improve their transport and telecommunications infrastructure, bridge the digital divide (including between generations), and enjoy better public services; stresses, in this context, the importance of the field of e-health; calls on the Member States and regions to better target available investments to address demographic changes and their impact; 16. Urges the Commission to use cohesion policy measures to put a brake on increasing migration out of sparsely populated regions, where adequate infrastructure and an adequate level of services are essential preconditions, particularly for retaining families with children; 17. Stresses that the European Social Fund (ESF) should step up its work in training and educating young people, and should promote employability and help people strike a better work-life balance and combat the social and digital exclusion of elderly persons; stresses, furthermore, that the fund should improve employment prospects through preparatory ***programmes*** for the inhabitants of declining regions, and by boosting the social and digital inclusion of women, young people and senior citizens in those areas; points out, in that connection, that care will be taken, when using the ESF to support the outermost regions, to ensure a better balance between working and family life; calls on the Commission to consider setting up a specific envelope, within the scope of existing funds, dedicated to addressing areas experiencing severe and permanent demographic disadvantages; asks for the fund to be disbursed according to arrangements which prioritise lines of action in the short, medium and long term; stresses the importance of including the Cohesion Fund in future strategies to address demographic change, recalling that the fund was established with a view to strengthening the EU’s economic, social and territorial cohesion; considers it important for far greater support to be provided through the ESF for small organisations which develop and run innovative social projects, as well as pan-EU transnational pilot projects that address social and employment issues, so as to facilitate innovative regional, cross-border, transnational and macro-regional cooperation

and hence respond to the challenges created by demographic change; RR\1137559EN.docx 13/31 PE604.887v02-00 EN 18. Regrets the fact that, as highlighted by the European Court of Auditors Special report No 5/2017, the EU Youth Guarantee, which should be aimed at helping young people without jobs, training or education, has made limited progress, and its results have fallen short of initial expectations; 19. Takes the view that, with a view to avoiding territorial divides, the EFSI should benefit regions with the most unfavourable demographic dynamics by means of greater investment in EU priority areas such as energy, transport, education, business, innovation research, SMEs, education or social infrastructure; takes the view that consideration of a special status for demographically disadvantaged regions should be discussed in the development of post-2020 cohesion policy; The future of cohesion policy to address demographic change 20. Believes that cohesion policy provides the right tools with which to address demographic change, especially in connection with other EU, national and regional policies, both in respect of population aging and population loss, and should therefore play a more prominent role to support regions and provide flexibility in adapting to demographic change; believes that this should also be reflected in the fund-specific regulations in addressing demographic change, as part of its explicit remit under Article 174 TFEU; calls for a precise definition of the notion of ‘severe and permanent demographic handicaps’ referred to in Article 174 TFEU and Article 121 of Regulation (EU) No 1303/2013 that would enable demographic challenges to be statistically quantified; highlights the importance of urban-rural linkages, and invites the Commission to reflect on the opportunity to complement integrated sustainable urban development strategies with partnerships for sustainable urban-rural development; considers that the Commission should take proactive measures to prevent the adverse effects of demographic change and provide technical assistance to the regions most affected by depopulation; 21. Stresses that cohesion policy should promote the employability and inclusion of women, especially mothers who struggle with finding employment; calls, therefore, for women to be given access to training and learning ***programmes***; points out, however, that the qualifications obtained should respond to labour market needs; stresses the importance of helping young mothers to return to work by providing reliable all-day childcare facilities for children of all ages, including facilities for pre-school learning, in order to stop depopulation; 22. Believes that in order to address demographic challenges, the regions should use ESI Funds more proactively in order to tackle youth unemployment and give young people the opportunity to start a proper career; notes that this could be achieved by supporting training ***programmes*** and entrepreneurship for young people; 23. Calls for the establishment of a legal framework within the future Common Provisions Regulation (CPR) in order to recognise regions facing severe and permanent demographic challenges; stresses the need for a more proactive and dedicated approach to demographic policy-making, as regional divergence in demographic patterns will most likely ***produce*** a substantial unequal socio-economic impact on European territories, which might further increase regional disparities in the EU; calls for the strengthening and administrative streamlining of the new instruments for enhancing the PE604.887v02-00 14/31 RR\1137559EN.docx EN bottom-up approach and multi-level governance – such as community-led local development (CLLD) and integrated territorial investment (ITI) – so as to increase local and regional involvement as part of an integrated and holistic approach to regional development; calls for the creation of portal-based services, which will help existing rural businesses to connect better with their urban-based counterparts; highlights the importance of taking greater account, under the future cohesion policy, of specific territorial characteristics which manifest themselves at sub-regional levels; stresses that a lack of capacity and robust governance within many local and regional authorities is a major obstacle to the success of EFSI ***programmes*** and demands, in this connection, capacity-building instruments; 24. Invites the Commission to consider defining new criteria with which to distinguish territories facing demographic challenges by means of demographic, economic, environmental-impact and accessibility variables, and to conduct studies on potential socio-economic and environmental indicators to complement the GDP indicator with criteria including social capital, life expectancy and quality of the environment; considers that GDP and population density are not indicators which are in themselves sufficient to classify territories with severe and permanent demographic handicaps; asks the Commission to incorporate into cohesion policy, in addition to the GDP indicator, new, dynamic indicators, such as a demographic indicator, and in particular the EU Regional Social Progress Index, so as to provide a more complete picture of the specific challenges facing these regions, or to consider an additional allocation for these regions similar to that for sparsely populated areas in the current ***programming*** period (CPR Annex VII, point 9); stresses the need for specific tools to monitor and evaluate the potential and real impact of ESI Funds in addressing demographic change by drafting guidelines for the subsequent development of relevant demographic indicators; stresses the importance of having reliable, up-to-date, disaggregated statistics for the purposes of a more efficient and objective political administration, particularly for a more detailed understanding of the intrinsic features of the EU’s various sparsely populated areas; calls, therefore, for Eurostat to provide greater detail in statistics of relevance for devising a suitable European demographic policy, especially demographic, family-related, social and economic indicators, and thus urges them to be broken down at least at a sub-regional – i.e NUTS III – level; 25. Considers that the future cohesion policy should include specific measures for the areas most affected by demographic challenges, and allow for greater flexibility in setting thematic objectives or co-financing rates, with a view to coordinating inter-regional and intra-regional strategies within the same Member State, with local participation; calls on the Commission to consider a national strategy for demographic development as a new ex-ante conditionality; 26. Calls on the Commission to incorporate a flagship initiative on demographics into the Europe 2020 strategy, financed by existing ESI funds and comprising a raft of measures in three categories: smart growth, by means of action to help regions affected by demographic challenges in the field of ICT, RDI and SMEs; inclusive growth, by means of specific action to encourage young people to remain in their region, ensuring sustainable generational renewal, self-employment and social inclusion measures for migrants and refugees under international protection; and sustainable growth, by means of measures to help these regions invest in the green economy, including sustainable RR\1137559EN.docx 15/31 PE604.887v02-00 EN transport systems; welcomes the EU Action for Smart Villages, which calls for policies to pay particular attention to overcoming the digital divide between rural and urban areas and to tap into the potential offered by the connectivity and digitisation of rural areas, and which supports the Smart Island Initiative as a bottom-up effort on the part of the European island authorities and communities seeking to improve life on islands through sustainable and integrated solutions; 27. Considers that the post-2020 multiannual financial framework should give a forceful, decisive impetus to efforts to address demographic challenges, taking into account the current demographic situation and trends, and must incorporate the promotion of solutions using targeted measures such as a budget item in funding, where appropriate; calls for services and infrastructure reinforcing social and digital inclusion to be strengthened under the second pillar of the CAP, intended to foster rural development and financed under the European ***Agricultural*** Fund for Rural Development (EAFRD), and for a reversal of trends towards social and economic decline and depopulation in areas with severe and permanent demographic handicaps; calls on national, regional and local authorities to exchange experience, best practices and new approaches to preventing the negative consequences of demographic change; believes that the trans-European transport networks (TEN-T) and the motorways of the sea (MoS) should serve areas with severe and permanent demographic handicaps; 28. Underlines the added value of the single community-led local development (CLLD) methodology across all ESI Funds for developing and implementing integrated and tailor-made bottom-up solutions; regrets the fact, however, that CLLD is only mandatory for the EAFRD and that local and participatory approaches are declining in the ERDF, ESF and European Maritime and Fisheries Fund (EMFF); calls on the Commission, therefore, to make the use of CLLD obligatory across all ESI Funds; ° ° ° 29. Instructs its President to forward this resolution to the Council and the Commission. PE604.887v02-00 16/31 RR\1137559EN.docx EN EXPLANATORY STATEMENT Demographic change is one of the major challenges that European regions have to face now and in the near future. Projection figures published by EUROSTAT show an ageing Europe, as the share of the working-age population is expected to decrease in size from 65.5% of the total population in 2015 to 56.2% in 2080, while the proportion of over-65 persons will increase, from 18.9% in 2015 to 28.7% in 20801. In other words, the current ratio of working-age to older population will decrease from around 4 to 1 currently to 2 to 1 in 2080. In parallel, the overall European population is expected to grow more slowly than before until 2050 and then decline gradually to reach a low by 2075. Over the period 2008-2030, one region out of three – mostly located in Central Europe, Eastern Germany, Southern Italy and Northern Spain – is projected to experience population decline2. The rapporteur wishes to point out here some of the most significant issues that those demographic phenomena raise for EU territories at regional and local level. It should be underlined that the demographic challenges of the European Union are neither new nor unknown. What is unique today is the intensity of these processes and the problems that are being generated in those regions where several or all of them occur, reinforcing each other. 1. Identification of the territories subject to demographic change in the European Union and of the challenges that they face One of the first challenges for the definition of a demographic policy at European level is that it needs to take into account all the territories of the Member States facing serious demographic disadvantages and imbalances as well as their characteristics and special features. This requires a rigorous identification of demographic phenomena and of the equilibriums for a given population and a territory. Four basic issues can be identified in the demographic evolution of EU regions which represent the main challenges of the European Union in this area, especially when they occur in a cumulative way, as it is the case in many territories, exacerbating some of their most negative effects. The first challenge is low density. It is a well-known phenomenon which covers two realities that can concur in certain territories: on the one hand, there is the historical reality of the regions with a model of balance between a population and a territory characterized by low density, as a consequence of their specific features (physical, demographic, political, etc.); on the other hand, it can take the form of a recent but sustained process of decrease in density, which is changing the historical conditions of settlement of people. One of the phenomena associated with such processes is territorial polarization: population accumulates in certain centres while a large part of the dependent zones empty. Therefore, it is important to analyse low density phenomena at the appropriate scale. In this respect, level NUTs 3 is more appropriate than the level NUTs 2 and, in many cases, the challenges of the demographic density are more evident when the scale of the LAUs is taken into account. The second challenge is population ageing. As in the previous case, this is a demographic phenomenon known and widespread in the European Union, from which we can also 1 Eurostat, Eurostat Yearbook, 2016 edition. 2 European Parliament, DG IPOL, Policy Department B, REGI (2013), ‘How can regional and cohesion policies tackle demographic challenges?’, p. 21. RR\1137559EN.docx 17/31 PE604.887v02-00 EN differentiate two different scenarios, by their nature and intensity: in some cases, it is the result of a gradual process of demographic transition; in others, it is due to a greater extent to the destructuring of the population pyramid, so that the increase in life expectancy is accompanied by an emigration of the young and adult population and a drop in birth rate and child population. The third issue, or challenge, is the fall of birth rates, which entails a drastic decrease of the infant and young population and, therefore modifies the expectations in terms of replacement and the medium-term balance of the dependency ratio. It is not a new phenomenon, but in some regions the process does not seem to stabilize. Finally, the fourth challenge is the continued loss of population. It is a phenomenon derived to a great extent from the previous ones and that intensifies, where it occurs, the other demographic issues. In many regions of the Union, and in even more numerous local entities, a serious and continuing process of depopulation is taking place, due to both natural dynamics and migratory movements. Thus, there are regions in which negative balances have accumulated for years, resulting in the loss of a very important share of the population. Depopulation and low density should not be confused, as the former is occurring both in sparsely populated areas and in densely populated areas. Similarly, some regions with low density are not experiencing a process of depopulation, but remain in their historical balances. The NUTs, as a scale of demographic analysis, allow to cover a large part of the demographic problems that the European Union territories face. Those issues become even more obvious when the LAUs are taken as a reference. The available technical means allow any scale of analysis, however it should be recalled that policies are more dependent on political structures. 2. Implications of these demographic challenges on policy areas The rapporteur is conscious that, due to its significant social, economic and environmental impact on local development, demographic change creates new challenges in many policy areas for the concerned European regions, while also creating new development opportunities at the same time. Those challenges have increasingly been a focal point of debates on the future of the EU. Regions have to adapt service provision, infrastructures and policy-making to those demographic patterns and trends. Effective policy ***intervention*** is needed, in particular in the following areas. a. Employment At a certain scale, there is a strong correlation between population and employment, for instance at the level of a region or a province. The movements of the population are only the permanent adjustment of the demographic structure to the productive structure. At the local or regional level, the same cannot be said, because there may be incentives for the population to have their residence at a certain distance from the workplace or, on the contrary, there might be obstacles to establish it in the same locality or its surroundings. In general terms, it is a balance between accessibility of housing, services, leisure and other intangibles, such as the cost of commuting to the place where such opportunities can be found in sufficient quantity and quality. The precarity of the employment of the young population, as well as the long hours that they put in their work does not foster the recovery of birth rates. The new forms of employment - more precarious, less stable - advocate greater geographical mobility of the PE604.887v02-00 18/31 RR\1137559EN.docx EN population. Since the future of employment may be affected by the incorporation of technology and artificial intelligence into production processes, a greater flexibility of the territorial link between employment and population could occur. b. Urban and rural ***planning*** Some regions are experiencing a phenomenon of polarisation, with the depopulation of rural/remote areas while population is concentrating in urban and metropolitan centres. Those trends are accelerating since the economic crisis. Those areas need to adapt since demographic changes shape new demands for local development, with consequences on housing, transport, mobility and education. In parallel, one can identify an ‘agglomeration’ effect: if economy is not managed, productivity demands and the propensity to maximize profits tend to lead to the concentration of economic activities in a few places, creating agglomerations that at a certain level can lead to diseconomies. Those diseconomies have a greater impact on public budgets and families than on companies, which is why it is difficult to curb this drift to a socially “optimal” scale. This trend towards concentration of investments, which can be observed at national, regional and provincial levels, leads to the agglomeration of the population in very few points and to the desertification of large territories. But the agglomeration effect itself constitutes a factor of attraction of the population for the apparent accessibility to public and commercial services, and because the accumulation of labour demand in a given territory creates expectations of quality employment opportunities and social mobility. c. Infrastructures Infrastructures are a key factor for the localisation of investments because they allow access to the markets of products supply and sale. Communication technologies allow, in certain markets, to circumvent the disadvantages of geography. However, it requires full coverage with competitive conditions for quality and price, what do not currently exist. Infrastructures also facilitate access to services, and particularly ICTs, which open the door to the virtual world and its opportunities without limits or borders. They are undoubtedly a relevant factor in attracting and retaining people on a territory. d. Provision of services The consumer society has consolidated the association of accessibility to services, both social and commercial, with quality of life. The provision of services, both public and private, establishes a vicious circle with the size of the population: shrinking population leads to less services and jobs available to the population and, in the end, emigration because of the lack of services and employment opportunities. Disruptive policies in relation to this variable needs to deal with the commercialisation of services, the establishment of very flexible systems of public transport, as well as with fiscal policies that compensate for the costs of mobility, and with incentives in favour of itinerant services for rural areas, or of services located in small centres. On-line services in the field of health, social services, education or culture can have a compensatory effect, but also stresses the lack of direct personal services. Their implementation will require, where appropriate, active policies for adaptation to this delivery mode. e. Transport RR\1137559EN.docx 19/31 PE604.887v02-00 EN In a depopulated environment with strong dispersion of people, public transport is as difficult to sustain as it is necessary to guarantee the inclusiveness of the inhabitants. There is a need for both flexibility and stability in the provision of those services. Those are unprofitable services for the private economy that require a significant support of public budget. Experimentation of public-private cooperation should be envisaged in this area. 3. The importance of cohesion policy to tackle demographic challenges In this context, the rapporteur would like to highlight the importance of cohesion policy measures as they are often the main provisions that address demographic challenges at the regional and local levels and often complement national and regional strategies. Among others, she considers that: 1. there is a need for greater coordination of EU instruments to ensure a more comprehensive approach to demographic change: the potential of cohesion policy ***interventions*** has been limited by the lack of a cross-cutting European strategy addressing demographic challenges; 2. the activities promoted by the structural funds should benefit from better integration and greater flexibility to enhance complementarities and consistency in tackling demographic change; 3. there is a need to further explore the potential of structural funds in addressing demographic change. Greater and more specific focus should be put on demographic change as a priority area in the guidance on structural and investment funds; 4. the issues raised by demographic change need to be addressed by the local and regional authorities, together with the Member States and the European institutions: those different levels have all a role to play to ensure the policies and strategies are aligned and to exchange best practices on the topic; 5. the rapporteur would also like to stress the importance of continuing to raise awareness at all levels of the significance of the challenges related to demographic change for the European Union and of the potential of the structural funds in tackling demographic change. PE604.887v02-00 20/31 RR\1137559EN.docx EN 22.6.2017 POSITION IN THE FORM OF AMENDMENTS OF THE COMMITTEE ON WOMEN’S RIGHTS AND GENDER EQUALITY for the Committee on Regional Development on deployment of cohesion policy instruments by regions to address demographic change Rapporteur: Arne Gericke (2016/2245(INI)) AMENDMENTS The Committee on Women’s Rights and Gender Equality calls on the Committee on Regional Development, as the committee responsible, to take into account the following amendments: Amendment 1 Draft report Recital E a (new) Draft report Amendment Ea. whereas women, and especially single mothers, are more exposed to poverty and exclusion; Amendment 2 Draft report Recital E b (new) Draft report Amendment Eb. whereas access to childbirth services, adequate maternal healthcare infrastructures and the guarantee of safe RR\1137559EN.docx 21/31 PE604.887v02-00 EN childbirth is lacking in rural areas; Amendment 3 Draft report Recital E c (new) Draft report Amendment Ec. whereas the role of women in ***agriculture*** and family-owned farms is still an important, invisible and in many cases unpaid one; Amendment 4 Draft report Recital G a (new) Draft report Amendment Ga. whereas women are more exposed to poverty and social exclusion than men – all the more so when they are aged over 60; Amendment 5 Draft report Recital G b (new) Draft report Amendment Gb. whereas gender equality is a fundamental right, a common value of the PE604.887v02-00 22/31 RR\1137559EN.docx EN EU and a necessary condition for the achievement of the EU objectives of growth, employment and social cohesion; Amendment 6 Draft report Recital G c (new) Draft report Amendment Gc. whereas gender equality represents an important tool for economic development and social cohesion; Amendment 7 Draft report Recital J a (new) Draft report Amendment Ja. whereas the negative demographic change increases the demand for stronger solidarity between generations; Amendment 8 Draft report Paragraph 1 a (new) Draft report Amendment 1a. Underlines the crucial role of high-quality public and private services, especially for women; underlines the RR\1137559EN.docx 23/31 PE604.887v02-00 EN importance of accessible high-quality and affordable public and private services as a tool for ensuring gender equality; Amendment 9 Draft report Paragraph 2 a (new) Draft report Amendment 2a. calls on the Member States and the Commission to take into account the effects of different policies on gender equality and demographic change; Amendment 10 Draft report Paragraph 3 a (new) Draft report Amendment 3a. Recalls the decision of the European Ombudsman in Case OI/8/2014/AN on respect for fundamental rights in the implementation of EU cohesion policy; Amendment 11 Draft report Paragraph 3 b (new) PE604.887v02-00 24/31 RR\1137559EN.docx EN Draft report Amendment 3b. Calls on the Commission and the Member States to actively use the European Structural Funds as tools for enhancing gender equality; Amendment 12 Draft report Paragraph 7 a (new) Draft report Amendment 7a. Calls on the Member States and the Commission to carry out a gender analysis and to work with gender budgeting with the aim of achieving gender-equal allocation of financial resources; Amendment 13 Draft report Paragraph 7 a (new) Draft report Amendment 7a. Considers that the challenges of declining and ageing populations will require objective, thorough and comprehensive reassessments of many established economic, social and political policies and ***programmes***, which will need to incorporate a long-term perspective; RR\1137559EN.docx 25/31 PE604.887v02-00 EN Amendment 14 Draft report Paragraph 7 b (new) Draft report Amendment 7b. Points out that women within marginalised communities face multiple discrimination, putting them at even greater risk of poverty and social exclusion, especially in accessing employment, education, healthcare and social services; Amendment 15 Draft report Paragraph 7 c (new) Draft report Amendment 7c. Calls on the Commission and the Member States to see intergenerational dialogue and solidarity between generations as a tool for achieving equality between women and men; Amendment 16 Draft report Paragraph 7 d (new) PE604.887v02-00 26/31 RR\1137559EN.docx EN Draft report Amendment 7d. Points out that the female unemployment rate is underestimated given that many women are not registered as unemployed, particularly those who live in rural or remote areas or help out in family businesses and farms; Amendment 17 Draft report Paragraph 7 e (new) Draft report Amendment 7e. Calls on the Member States and the Commission to promote women’s entrepreneurship in rural areas; Amendment 18 Draft report Paragraph 7 f (new) Draft report Amendment 7f. Emphasises the need for facilities providing childcare and care for other dependants to be available throughout rural areas, and urges the Commission to support the Member States, including through the provision of available EU funding, in creating such facilities in a form that is accessible to all; RR\1137559EN.docx 27/31 PE604.887v02-00 EN Amendment 19 Draft report Paragraph 8 a (new) Motion for a resolution Amendment 8a. Calls on the Commission and the Member States to adopt family mainstreaming as the underlying principle of all policy proposals; Amendment 20 Draft report Paragraph 10 a (new) Draft report Amendment 10a. Stresses the importance of local and regional authorities in implementing policies and measures that would provide employment and self-employment possibilities, especially for women, which would stem the trend of out-migration; Amendment 21 Draft report Paragraph 14 a (new) Draft report Amendment 14a. Calls on the Commission to use PE604.887v02-00 28/31 RR\1137559EN.docx EN regional funds to improve decentralised birth care; RR\1137559EN.docx 29/31 PE604.887v02-00 EN INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION Date adopted 20.6.2017 PE604.887v02-00 30/31 RR\1137559EN.docx EN INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE Date adopted 9.10.2017 Result of final vote +: –: 0: 28 6 0 Members present for the final vote Franc Bogovič, Andrea Cozzolino, Rosa D’Amato, John Flack, Iratxe García Pérez, Krzysztof Hetman, Marc Joulaud, Louis-Joseph Manscour, Martina Michels, Iskra Mihaylova, Jens Nilsson, Andrey Novakov, Paul Nuttall, Konstantinos Papadakis, Mirosław Piotrowski, Stanislav Polčák, Liliana Rodrigues, Maria Spyraki, Ruža Tomašić, Ángela Vallina, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Joachim Zeller Substitutes present for the final vote Daniel Buda, Andor Deli, Raffaele Fitto, John Howarth, Ivana Maletić, Tonino Picula Substitutes under Rule 200(2) present for the final vote James Carver, Esther Herranz García, Susanne Melior RR\1137559EN.docx 31/31 PE604.887v02-00 EN FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE 28 + ECR Raffaele Fitto, John Flack, Mirosław Piotrowski, Ruža Tomašić EFDD Rosa D'Amato GUE/NGL Martina Michels, Ángela Vallina PPE Franc Bogovič, Daniel Buda, Esther Herranz García, Krzysztof Hetman, Marc Joulaud, Ivana Maletić, Andrey Novakov, Stanislav Polčák, Maria Spyraki, Joachim Zeller, Lambert van Nistelrooij S&D Andrea Cozzolino, Iratxe García Pérez, John Howarth, Louis-Joseph Manscour, Susanne Melior, Jens Nilsson, Tonino Picula, Liliana Rodrigues, Derek Vaughan VERTS/ALE Monika Vana 6 - ALDE Iskra Mihaylova, Matthijs van Miltenburg EFDD James Carver, Paul Nuttall NI Konstantinos Papadakis PPE Andor Deli 0 0 Key to symbols: + : in favour - : against 0 : abstention

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Russian Government News

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The annual special Direct Line with Vladimir Putin was broadcast live by Channel One, Rossiya 1, Rossiya 24 and Russia Today TV channels, and Mayak, Vesti FM and Radio Rossii radio stations.

Tatyana Remezova: Good afternoon, we are live. This is Direct Line with Vladimir Putin, a joint project by Channel One and Rossiya 1 TV channels. You can also watch the broadcast live on Rossiya 24, and listen to a live radio broadcast on Mayak, Vesti FM and Radio Rossii radio stations.

The anchors of Direct Line are Tatyana Remezova and Dmitry Borisov.

Dmitry Borisov: Good afternoon,

First of all, I would like to introduce our colleagues who will be helping us today. Maria Gladkikh and Natalya Yuryeva are in the call centre; and here in the studio we have Vera Krasova, Nailya Asker-zade, Olga Pautova and Olga Ushakova.

They are surrounded by people who were in the spotlight of the last year's most dramatic news reports, people who arguably have shaped today's Russia in one way or another.

Now to Tatyana Remezova.

Tatyana Remezova: President of Russia Vladimir Putin is here, in the studio, live.

Maria Gladkikh: Good afternoon,

We are in the call centre, which plays a key role in Direct Line. Our centre has already received 1.1 million calls. You can submit your question to Vladimir Putin right now. The telephone number has not changed: 8 (800) 200 4040. You can also use 04040 for SMS and MMS messages.

Natalya Yuryeva: In addition to SMS messages and telephone calls, our operators also accept video questions that can be submitted either from the moskva-putinu.ru website or by using a special mobile application called Moskva Putinu (Moscow to Putin).

You can also submit questions using the ***programme***'s official accounts on the VKontakte and Odnoklassniki social networks. For the first time, you can talk to the head of state by direct video link via OK Live, as well as the Moskva-Putinu application. This way, not only will the President hear you, but he will also be able to see you.

Go ahead, make a call. We will be taking questions until the end of the broadcast. You still have time. Maybe it will be your question that Vladimir Putin answers.

Maria Gladkikh: Another innovation in this year's Direct Line is the SN Wall communications platform that enables us to monitor, in real time, how the audience is discussing the ***programme*** on social media. More than 300,000 comments have already been posted on Facebook, VKontakte, Instagram and Twitter.

Those who need sign interpretation can watch the broadcast on Public Television of Russia and on our website.

Dmitry Borisov: Good afternoon, Mr President.

President of Russia Vladimir Putin: Good afternoon.

Dmitry Borisov: Our call centre has been receiving phone calls for 12 days, and 2 million messages of various kinds have been received to this point. The top five of the most sensitive issues for Russians includes growing prices, declining living standards, housing and utilities, healthcare and of course, there are many personal requests.

Tatyana Remezova: That said, I would like to highlight a major difference from previous Direct Lines.

Most of the messages we have received are not about the present, but about the future: how will our country live in the years to come, what will its relations with other countries be like? This could be due to the fact that we are in a pre-election year, when people have more questions to their leaders, to you primarily, of course.

Dmitry Borisov: However, before we start talking about the future, let me begin with the present.

We have been hearing many optimistic assessments of the state of the Russian economy lately. Can we say, would it be right to assume that the economic crisis is over?

Vladimir Putin: You have started with a core question, whether the economic crisis is over. I would very much like to give an affirmative answer, thereby sending a positive signal to the people. However, in the back of your mind you cannot stop thinking that something could still go wrong, something could happen.

Nevertheless, when it comes to drawing conclusions of this kind we should be guided by objective data. What are the hard facts telling us? They are telling us that the Russian economy has overcome the recession, and moved into a growth trend. I will get back to this later to explain how this conclusion can be reached and on what data it is based.

But I would like to start by making a different point and highlighting the most pressing issues that have yet to be resolved. You mentioned them in your question, by the way. What are these issues all about? Real incomes have been declining over the last several years, and what is even more alarming is the growing number of people below the poverty line with incomes below the minimum living wage.

In this regard, Russia hit a low in the early and mid-1990s, when almost one third of the country's population lived below the poverty line, almost 40 percent or 35 to 37 percent, according to various estimates, almost 40 million people. This was the all-time low, while the highest indicators in this respect were reported in 2012.

In 2012, 10.7 percent of the population was below the poverty line. Unfortunately, since then this number has reached 13.5 percent. It may not seem like a lot, just a few percentage points, but we are talking about tens, and hundreds of thousands of people, their lives, so this is a matter of serious concern.

There are economic issues that have still to be addressed, above all regarding real incomes. What are these issues? They have to do with the structure of the economy that we find unsatisfactory. In this connection I have to mention low labour productivity. There will be no new jobs, and incomes will not increase, unless we improve labour productivity. This is a major issue.

We will most definitely come back to these matters and I am 100 percent certain that people will have further questions and we will go into greater detail and look further at all that makes it possible for me to say now that the recession is over and we have seen economic growth for three quarters in a row now. GDP growth is modest, but it has nonetheless held steady from one quarter to the next.

GDP growth was plus 3 percent at the end of the fourth quarter of 2016, plus 5 percent in the first quarter of this year, and up 1.4 percent in April this year. This makes for GDP growth of 0.7 percent overall for the first four months of 2017.

Industrial production is also on the rise. We had growth of 0.7 percent in the first quarter of this year. I have brought along some of the latest figures, so as not to forget anything, and I can share them with you too. These are the latest statistics.

Investment into capital assets is up 2.3 percent. We see an increase in car sales and mortgage loans, which all economies consider a clear sign of growth, and non-resource and non-energy exports are up by 19 percent.

Finally, another important macroeconomic indicator is inflation, and we have brought it down to a record low in modern Russian history. The figure today is 4.2 percent. This is an unprecedented result and it gives us reason to expect that we will reach our target figure of 4 percent by the end of the year.

The Central Bank's gold and foreign currency reserves, our international reserves, are growing. We started 2016 with $368 billion and ended the year with $378 billion. Today, the figure is $407 billion. One of the most significant indicators that I must mention is investment into capital assets, which is growing at a faster pace than the economy as a whole.

The economy grew by 0.7 percent over the first four months of this year, while investment into capital assets was up by 2.3 percent. What does this mean in simple terms? It means that investment in developing production facilities is up by 2.3 percent, and this is laying the foundations for growth in the short term. This, of course, is a positive development that will have an impact on various aspects of the social sector too.

Which aspects? The main social sector achievement that I want to mention once again is the substantial drop in infant and maternal mortality. Infant mortality has undergone a three-fold decrease since 2000, and maternal mortality has seen a close to four-fold drop. Probably no other country's social sector has achieved such results. This has contributed to increased life expectancy as well. The figures here are now up from just over 70 years to 72 years. Overall, these results give us reason to say that we have overcome the crisis.

Tatyana Remezova: Mr President, you yourself spoke about people's declining real incomes, and the official statistics confirm this. When will people feel the benefits of the reviving economy?

Vladimir Putin: You know, the decline was rather steep, and so it will take some time before people will feel an improvement. As I said at the beginning, I consider this to be the most important and serious problem.

Real wages started increasing in July or August 2016 and increased 0.7 percent by the end of the year. This increase is rather difficult to see, although it reached 2.3 or 2.4 percent in April this year.

As you know, we made lump sum payments of 5,000 rubles to pensioners early this year and increased pensions for non-working pensioners by 5.4 percent starting from February 1 and later brought the overall figure to 5.8 percent. We have also indexed social pensions.

We are working with employers to increase the minimum wage. We increased it by over 20 percent last year and have also raised it this year. Overall, we are working at this so that people can feel the improvements.

Tatyana Remezova: Still, many people complain about low wages. Here are many text messages and photos of wage slips. For example, a preschool teacher at Kindergarten No. 111 in Astrakhan is paid 7,935 rubles. The slip is for May 2017. Can you live on this wage?

A medical nurse at the Vostochny Space Launch Centre received 10,246 rubles in May.

"Should a firefighter risk his life for 8,000 rubles a month?" asks Alexander Melnikov, head of a fire team from the Saratov Region.

"When will postal workers' wages be raised? You cannot live on 3,600 rubles."

Vladimir Putin: We will have to check the situation with salaries of 3,600 rubles to understand how this is possible. After all, there is a minimum wage in Russia, and it is more than 3,600 rubles. However, all the people you have mentioned are public sector employees who did not benefit from the wage increases under the May 2012 executive orders.

As for public sector employees who did benefit from these increases, their salaries are going up as ***planned***, more or less. In other public sector jobs that were not covered by the May 2012 executive orders, the situation is more challenging. Their salaries were not adjusted for inflation, even though prices have gone up, and the inflation rate was quite high at 12.9 percent in 2015. Still, their wages were not adjusted for inflation. If you are telling me that this is not fair, I agree. I have raised this issue with the Government, and issued instructions to this effect. These salaries will be adjusted for inflation starting January 1, 2018.

Tatyana Remezova: Thank you.

Dmitry Borisov: We have received many calls on this subject. Let us ask the call centre to join our conversation.

Natalya, you have the floor.

Natalya Yuryeva: Mr President, we have just received a call from a medical nurse in Primorye who asked how she could survive on her salary. Socioeconomic issues are always the most sensitive, and they worry Russians the most.

I also see a question on another sensitive issue, the low salaries of teachers in the regions.

Here with us, via video conference, we now have Alyona Ostaltsova from Irkutsk.

Alyona, good afternoon, you are on, you can ask your question.

Alyona Ostaltsova: Hello, Mr President.

Vladimir Putin: Hello.

Alyona Ostaltsova: My name is Alyona Ostaltsova, and I am calling from the city of Shelekhov, Irkutsk Region. The question I have is quite common. Why are teachers paid so little? I am an elementary school teacher. I have been working for one year, but my salary has never exceeded 16,500 rubles per month. I have not received the allowance young teachers are entitled to. I love my job, and I love working with children, but with a salary like this, I have no choice. How can I live on it? Thank you.

Vladimir Putin: Alyona, you are from Irkutsk Region, is that right?

Alyona Ostaltsova: Yes.

Vladimir Putin: Shelekhov is probably a small town. I do not know whether your school is fully staffed. You and I know, and so do all other teachers across the country, that there is an objective to bring teachers' salaries up to the regional average. If I am not mistaken, since I may not recall the exact figures, the average salary in Irkutsk Region is slightly above 30,000 rubles. The average salary in Irkutsk Region is above 30,000 rubles. And teachers' salaries are even slightly higher in Irkutsk Region.

What happens in reality? The teachers' money and the level of wages are managed by the school itself, and it determines the payroll and extra payments in addition to the salary. The school itself does this. Again, the payroll and additional payments. It is clear that young specialists, and you are a young specialist, usually make somewhat less than experienced teachers with longer service and all. It is unclear though why it is so much less, 50 or 70 percent - I do not understand this either. I hope that the region's administration, the authorities that supervise education, will pay attention to this.

This is what I'm thinking: as I said, such a difference in income is unacceptable. Therefore, if this is happening, it would probably be reasonable to establish a minimum wage or a minimum ratio between the income level of young specialists and those who have a long record of service. We probably need to think about this.

Alyona Ostaltsova: Thank you very much.

Vladimir Putin: About 11,000 rubles, it is certainly strange. I repeat: wages should not differ so dramatically. We will deal with your specific case.

Tatyana Remezova: Before this broadcast, we talked to people who sent in their complaints, including complaints on this issue. Indeed, the situation is very different in various regions and largely depends on who is in charge of the region.

Over the past year, many changes have taken place in the leadership of Russian regions, something that never happened before: Buryatia, Kaliningrad, Karelia, Kirov, Mari El, Novgorod, Perm, Ryazan, Sevastopol, Tver, Tula, Udmurtia, and Yaroslavl. Why? Are all the newly appointed governors coping with their duties?

Vladimir Putin: You know, in many places the governors' tenure in office simply ended, as many of them had worked for 10 and even more years. Frankly, it was their own idea to try working in other areas.

In other regions, we just felt that people want change, and therefore initiated the process. As to whether they are competent or not, this is primarily a question for the local people. Some of the elected regional leaders had already served for six months or a year before running for the position, so when they did, people voted for them because they knew they could trust them with managing the region, so we can say that people - the voters - believe these candidates were doing a good job. But, of course, any election, the results of any election are an upfront trust given to candidates for leadership at any level at the beginning of their work at this new high office.

Whether they succeed or not - I will return to this subject now. They have to succeed, they have everything to make it despite the fact they are relatively young. They have extensive state work and life experience; of course, you can blame it all on them - but the financial situation is not easy in the regions.

In this regard, the Federation helps for them, supports them. To solve these social issues and level wages, 40 billion rubles have been allocated in this year's federal budget. What is more, I asked the Government to provide additional finances, and they have allocated another 10 billion rubles. Therefore, they have the support; they also have their own social ***programmes***. They have to work and achieve results.

Tatyana Remezova: We received the following question online: "Two weeks ago, Europe extended the anti-Russia sanctions for another year. Do you think we are ready to live under these sanctions for decades?"

Vladimir Putin: In fact, the history of Russia shows that we have usually lived under sanctions whenever Russia started to become independent and feel strong. Whenever our partners in the world saw Russia as a serious rival, they imposed various restrictions under various excuses; this has been the case throughout our history, not just in Soviet times; this was the case even before the 1917 revolution. So no surprises here.

We now know that the US Senate has drawn up another draft law on toughening these sanctions. What are the reasons for this? Nothing extraordinary is taking place. Why have they started talking about sanctions again, for no particular reason? This, of course, testifies to the ongoing domestic political struggle in the United States. In any case, this is happening and I can see no real reason for it. If it had not been Crimea or some other issue, they would still have come up with some other way to restrain Russia. The policy of containing Russia has always been presented like this.

So, what is the situation with these sanctions and what impact, if any, have they had on us? They have had an impact. Has this been fundamental in nature? I do not think so. We have been affected more by the global situation and the drop in prices for our main traditional goods - oil, gas, metals, chemicals, and so on. What view do our partners take?

The US State Department believes that these sanctions have lowered our GDP by 1 percent, the Europeans give a slightly higher figure, and the UN has calculated that we lost around $50-52 billion, and that the countries that imposed the sanctions have lost $100 billion. In other words, sanctions have proven to be a double-edged sword and harm everyone, including those who impose them.

Strange though it might sound, however, there have been advantages too. What are they? For a start, we were forced to concentrate our intelligence, talent and resources on key areas and not simply rely on oil and gas revenue. What result has this brought? We have seen real production growth in important and complex economic sectors.

We have rebuilt substantially our skills in the radio-electronics sector, and we made good progress in aircraft engineering, rocket building, pharmaceuticals, and in heavy engineering. That is not to mention ***agriculture***. We all know that ***agriculture*** has posted growth of around 3 percent and Russia is now a leader in exports of grain and wheat. That is the result we have to show.

We have reduced substantially imports and developed our own production of pork and poultry and cover practically our entire consumption needs. What's more, we are now looking for sales markets abroad.

We are in talks with our Chinese friends on opening the Chinese market to our pork and poultry ***producers***. So, there are positive aspects in this situation.

But this is not a normal situation, of course. All of these restrictions do not ***produce*** anything good, and we should work towards a global economy that functions without these restrictions.

Dmitry Borisov: If possible, I would like to return to the issue of public opinion on the performance of regional authorities. We have been collecting questions for the past 12 days and have noticed that journalists have used some of these questions as themes for their reports, citing people's complaints and requests. Miraculously, asphalt was laid, walls painted and building facades repaired the next day after the stories appeared on Channel One or Rossiya. This seems to have solved the problem, or has it?

And there is also a different trend. Tatyana Remezova can correct me if I am wrong, because this story was aired on her show. It is about people complaining over long queues in outpatient clinics while doctors say that this is not true. Then, there is the issue of pseudo-assistance, when people pretend that there is no problem, and simultaneously, the issue of the pseudo-problem, when people try to make a mountain out of a molehill.

I would like to say that we record all these cases. Mr President, we will forward the list of issues that have been allegedly resolved and also pseudo-problems to you and the Presidential Executive Office.

Vladimir Putin: It looks as though holding this event once a year is useful after all. Those who were sitting on their hands will do something good, like build a road or settle matters with healthcare or social facilities. But these are only separate elements. What matters for me is the ability to gauge the public mood, to see what worries people most, the whole range of issues. Of course, it is impossible to answer every question. It would be unrealistic to even try. But we can answer some of them today - I can do this with your help. And this will help us - me, the Government and the Presidential Executive Office - to see the main, and I would even say the most glaring issues, which we must deal with as a priority. I would like to thank our television audience, and those who sent their requests online, for taking part in this work.

Tatyana Remezova: I know that the subject of sanctions has found a response among the guests in this studio.

Olga Pautova has the floor.

Olga Pautova: Mr President, there are many agribusiness representatives in this room. They are more concerned with our response to the sanctions and the related import replacement.

Standing next to me is Sergei Korolev, head of the National Vegetable Union. He says the past three years have taught our farmers to grow delicious and, most importantly, wholesome tomatoes and cucumbers.

Mr Korolev, do we have productive harvests?

Sergei Korolev: We are growing by about 20-30 percent a year.

Mr President, you mentioned the sanctions earlier. We see the measures introduced against Russia as a gift and an additional tool to support our agro-industrial sector. The retaliatory measures that were introduced have ***produced*** an effect.

Vegetable production is growing at a rate unprecedented both in the Soviet Union and in recent history. I can tell you that we grew by 50 percent over the year when the retaliatory measures were introduced. We have invested 150 billion rubles in vegetable farming. You mentioned these figures today - 150 billion over a short period - [as an example] of growing investment. This is without a precedent. More than 10,000 new jobs have been created. And we are certainly ready to continue this work.

But all of us are concerned with the following issue. The US Senate adopted a decision yesterday, and Europe declared that their sanctions would be extended and even expanded. Will we extend our counter-sanctions in response to the West's decisions?

And a second question: When, God forbid, their sanctions are called off, can we hope for your support in protecting the domestic market, as was the case with Turkish tomatoes, for which Russian vegetable growers owe you a special thanks?

Vladimir Putin: This is not a peripheral question, since it is relevant to the whole country. Why? Two years ago, as you and I know all too well, vegetable and fruit production was the most challenging issue. Prices jumped which could not help but affect household incomes. In fact, we blocked or substantially reduced imports, but were unable to meet the needs of Russian consumers on our own. We did everything we could, and I will not go through the whole list of initiatives we undertook. You know them better than I do, and I hope that you have benefited from them. These initiatives were aimed at helping our ***producers*** expand vegetable and fruit production, primarily vegetables. Two years ago, the inflation rate reached 12.9 percent, and vegetable and fruit prices were one of the main reasons behind this surge, although there were other reasons that also pushed the inflation rate up.

What we believed was that Russian ***agricultural*** ***producers***, meat ***producers*** and those growing fruit and vegetables, needed to expand their operations to such an extent as to be able to satisfy domestic demand. You have been successful at this, and I would like to thank you. Not only you, but all those who live in rural areas.

The inflation rate is now at just 4.1 percent. This is a tangible result that benefits the entire industry. After all, almost one third of the country's population lives on ***agriculture***, if we include the rural population working in social services. This is a very positive development. You were right to say that your products have superior quality.

The Government has extended the sanctions until the end of 2017, to December 31. We will see how our relations evolve with the countries that imposed these restrictions on the Russian economy.

As for the question of keeping the restrictions in place indefinitely, if our partners lift the sanctions they imposed on us, we will have to do the same. Otherwise, Russia will face issues in the WTO. What I want to say is, first, we need to promote competition on the domestic market so that it benefits consumers, including those who live in major cities. Secondly, we very much hope that you will succeed in expanding your operations and enhancing your competitiveness, and we are doing everything we can to help you succeed. If you reach the same level of quality and labour productivity as your competitors, you will always have an advantage on the domestic market due to lower logistics costs. For this reason, we are providing indirect support, which is not prohibited under WTO rules. As a matter of fact, there are many loopholes that can be used, and we will continue to do so. However, you should not expect any massive, direct, or, should I say, aggressive support measures from us. Now is the time when you have to do everything it takes in order to become competitive in the near term.

Tatyana Remezova: Let's cross to the call centre and hear a telephone call. Maria, you have the floor.

Maria Gladkikh: Yes, thank you.

Mr President, many people call about issues that they have been attempting to resolve at the local level for a long time. Finally, when they get desperate, they turn to you in a bid to get something done quicker. We have a call now from Trans-Baikal Territory.

Hello, you are on air. Please introduce yourself.

Natalya Kalinina: Hello,

Mr President, I am Natalya Kalinina, a resident of Olovyanninsky District, Trans-Baikal Territory. My village, Shiviya, was burned down entirely on April 29, 2015. I remain homeless to this date.

We were offered housing, but it was unfit for habitation. I have a small child and am a single mother. I have turned to all possible levels of authority, but have received no response anywhere. Our district officials have taken no action at all.

My daughter is set to begin school this year, but we have no place of residence registration. We are living in an old abandoned house. Mr President, please help us to obtain a decent place to live.

Thank you very much. God bless you.

Vladimir Putin: Ms Kalinina, please stay on the line. Which region are you in?

Natalya Kalinina: Olovyanninsky District, Trans-Baikal Territory.

Vladimir Putin: Trans-Baikal Territory? This is strange.

Yes, Trans-Baikal Territory was indeed hit by fires in the summer of 2015, and we disbursed in full federal money for providing the fire victims with new housing.

I do not remember the exact figure now, but I think it was a bit over half a billion rubles that we allocated, including over 300 million for resolving these housing problems, and this money was to have been spent on either buying housing or on building new homes for families such Ms Kalinina's.

The region has a new governor, true, she arrived only in 2016. I will ask her to look into this situation and will also ask the prosecutor's office to investigate where the money went and how it was spent. Whatever the case, we will resolve your problem. This is the state authorities' duty. We promised to provide everyone affected by the fires with housing, and we will do this.

Dmitry Borisov: Maria, what are the updates? How many calls per minute is the call centre receiving? How busy is the line?

Maria Gladkikh: Of course, Dmitry, I can give you the updates. But first, I would like to show you how questions for the Direct Line are taken. Our operators fill in forms for every caller with their name, gender, age, occupation and, of course, their question.

For example, here we have a form for Ella Pavskina from Moscow Region who asked a question about kindergarten waiting lists. Every minute we receive 106 SMS and MMS messages. Our operators take around 127 calls per minute. The line's maximum capacity is up to 456 calls.

Right now, we have a call from Ivan Tarkin in Vladivostok. Good evening to you, since it is already evening in your city. You are on. Please ask your question.

Ivan Tarkin: Mr President, this is Ivan Tarkin from the free city of Vladivostok.

Mr President, can you explain what is going on with the One Hectare ***programme***? Mockery is the only word that describes it. You have to spend months on the website to register your plot and nothing happens, the website crashes all the time.

By the skin of my teeth, I managed to get a cadastral number, print the contract, sign it and submit it to the Vladivostok Land Committee, last February.

Since then, I have not been able to get it back for ever new reasons. A hundred years ago, Stolypin with his primitive tools never made such mistakes. Why is that?

Vladimir Putin: The Stolypin reference is appropriate here, of course. Do not forget that there were also so-called Stolypin trains that people were forced onto, and so-called Stolypin ties, which were nothing but gallows. But it is true; we must remember all the positive things that Stolypin did for our country. This is why there is a monument to him outside the Government House in Moscow. We do not have a death penalty now as you know, although sometimes, you know what I mean.

As concerns the hectare ***programme***: first of all, the ***programme*** is going fairly well overall. I will speak about this in a minute. Primorye Territory is struggling with it the most, I will explain why.

Last February, we made a decision that any Russian citizen who wants to move to the Far East will be given one hectare.

The number of applications rose immediately. There are 92,000 applications now. Even the system that was designed to process them has glitches. About 27,000 of the 92,000 applications have been granted, which is more than a third. This is the first thing.

The second. In the European part of Russia, it takes up to three years to obtain a land plot, as disappointing as this sounds, while in the Far East it takes a little over two months to get this one hectare.

Your case is, of course, discouraging. What could be the matter is beyond my knowledge, but we will certainly try to help you. I am sure that the relevant ministers in the region are listening, as is Deputy Prime Minister Yury Trutnev. They will certainly respond.

What is the problem? The problem is that they do not have a proper cadastral register. This is their first problem.

The second problem is that too much land belongs to official agencies, like the Defence Ministry, the Academy of Sciences and all the departments involved in environmental protection. And so we have one figure on paper and a different one in reality. You have been issued a cadastral number, but when you started checking the data you found a disparity, and now you need to settle it with various departments.

I will try helping you in this. I will try helping my colleagues, the governors, coordinate these issues so that nobody else has these problems. I am sure that you will receive your hectare of land. Good luck.

Tatyana Remezova: We do receive many complaints from the Far East about the allocation of land under the One Hectare ***programme***. At the same time, people from other regions demand to know when this ***programme*** will be spread around Russia. Vasily Denisov from the town of Blagoi in the Tver Region wonders if the One Hectare ***programme*** will also be applied in other regions, which must surely have unused land too.

Vladimir Putin: There is enough unused land in Russia. For example, over 43 million hectares of farmland is not being used for its intended purpose. This is a huge amount.

But first we need to complete the experiment in the Far East. As you can see, there are some problems, such as the one we heard about on the phone, although the situation is mostly favourable. In other words, we first need to test this process in the Far East. And we also need to settle the problem of cadastral registers.

Overall, I believe that the person who asked this question is right, and we do need to make use of this land. However, we should do it carefully so as not to create a secondary market for the land we allocate under the One Hectare ***programme*** because our people are very creative, you know: they can take several hectares first, then there will emerge a secondary market, and we end up with those hectares being resold many times without any tillage. Although the corresponding law says it all. This land is not being allocated as property. The land holders must show good result during the first five years, after which they will be able to receive either a long-term lease for this land or appropriate it. But they may not sell it to foreigners. In short, we need to test every detail of this ***programme*** in the Far East. But overall, it is the right idea.

Tatyana Remezova: Thank you.

Dmitry Borisov: This year, the call centre editors, and all of us working on the Direct Line, selected a number of questions not only to let a person ask it live over the phone, or to record a video message, but to immediately send a film crew to the scene to see with our own eyes, through the eyes of our colleagues, what is happening there, on site. The first such place is Balashikha, outside Moscow. Our colleague Dmitry Kaistro is there now.

Dmitry Kaistro: Hello!

It is raining today and visibility is not great, but giant rubbish heaps are clearly visible in the heart of this neighbourhood of Balashikha. This dump has been here for more than 50 years, poisoning everything around it, and rubbish trucks bring more all the time, day and night. This dump is even visible from outer space - it takes up about 50 hectares and is closing in on the surrounding houses.

We have worked here for several days, but when we arrived at the landfill, strong young people emerged wearing "environmentalist" T-shirts with 'Environmental Control' written on them. They showed us some kind of facility for processing rubbish, even decorated with balloons in the colours of the Russian flag - it looked like some proactive move. This was a perfect illustration of the place and the disaster that has rallied tens of thousands of people here. We did not even have to ask - people came to us to talk about the burning matter and ask their questions.

Yelena Mikhailenko: Hello!

We live here in the neighborhood of Kuchino, in Balashikha, and some of us are from Olgino and Pavlino. The situation here is terrible, simply unbearable in fact. There is a huge landfill, the biggest in Moscow Region, within our town, just 200 metres from residential areas, kindergartens and clinics, and only 20 kilometres from the Kremlin. This is a violation of Federal Law No. 89.

Fires occur on the landfill daily; it is impossible to breathe, and there is a constant release of gases, methanethiol and sulphur dioxide. They become converted to hydrogen sulphide, and we breathe it. Many suffer from nausea and vomiting, all the time. It is unbearable.

We have appealed to many government agencies at various levels, receiving only formal and noncommittal replies; we have it all documented. We do not know what to do. This is not only our problem; it is a problem for the whole country. We do not know what to do in this situation. Turning to you is our last hope.

Vladimir Putin: This is a very sensitive and complicated issue. I know full well what you are talking about. I have seen this waste disposal site. As the reporter said, it has been there for 50 years. By the way, I see that you are standing by a building that was clearly built less than 50 years ago. Someone did decide to build housing near a waste disposal site that has been there for 50 years. So let's not forget the people who took the decision to build residential buildings in this area. The dump has been there for 50 years. Nevertheless, we have what we have, and it is our duty to respond. Of course, we are aware of the problem. There is special urgency to deal with it in the Moscow Region, Tatarstan, Tula and a number of other regions.

What measures will be taken? First, a decision was made to build recycling plants. Four of them will be erected in the project's initial phase, and three of them will be located in the Moscow Region. By the way, advanced Japanese technology will be used, provided by Hitachi, if I am not mistaken, and the Rostec Corporation will be in charge of building these units. This should be done as quickly as possible. This is the first point.

The second point is that 5 billion rubles were allocated from the federal budget, which is a substantial amount, to resolve the most pressing issues we are currently facing in this area. This is clearly your case. I will ask the Governor of the Moscow Region and the federal Government to use these allocations to resolve the most pressing issues like the one you are facing. I hope that this will be done.

The law on waste management was adopted quite a while ago, but its enactment has been delayed time and again. I think now it is expected to come into force on January 1, 2019. Why was it rolled back? Because manufacturers have to pay recycling fees under the law, so during the crisis, manufacturers asked us to postpone these fees in order to lessen the burden on the economy. This is the first thing I wanted to say about this law.

Secondly, with regard to individuals, this law stipulates that certain environmental fees must be paid by individuals as well. However, the effect of paying these fees will not be visible right away, because it is first necessary to build something using these funds, after which the effect will become visible. All this time we had doubts: will the people understand this, and should it be done at all? I want to ask everyone who will engage in this work or is already engaged: the people will certainly understand if they see where the money is going, and to make sure they do, we need public oversight in place.

By the way, I would like to thank Russian Popular Front, which created the corresponding map. Hundreds of people are already working on this as they identify the most critical issues. With regard to Balashikha, we will look into this issue separately and try to fix it. I can understand perfectly the critical importance of this problem. It has been building up over decades. We will try to fix it as soon as possible.

Dmitry Borisov: By the way, Balashikha is one of the places I was talking about. We were choosing locations in the regions for these reports and these questions arrived on every one of the 12 days that we were taking messages from different regions. We chose Balashikha, and went there. You can see everything and get a good sense of what is going on.

Vladimir Putin: Well, of course. People are standing there, and it stinks to high heaven.

Dmitry Borisov: Unfortunately, the screen cannot convey the smell. You just saw what Dmitry Kaistro showed us. It looks like they have spruced things up a little, and built some kind of a line there in one day. However, we have a photo taken the day before. I just want to show it to you, if I may.

This is modern-day Balashikha, the picture was taken yesterday. In a matter of one day, the balloons suddenly appeared. It looks like the matter is being addressed. They are saying there is no problem whatsoever.

Tatyana Remezova: We now have Irkutsk Region online. Lake Baikal and its biggest island, Olkhon Island. Our colleague Pavel Zarubin joins us from there.

Pavel Zarubin: Hello, Moscow! Olkhon Island sits in the middle of Lake Baikal. Look how beautiful it is here. Shamanka Rock is one of the main attractions of the lake.

Later, we will see that almost all trees here are covered with beautiful ribbons, as, according to local legends, Shamanka Rock and Cape Burkhan are believed to be a special sacred place, a place of worship.

Of course, many tourists come to the Olkhon Island on Lake Baikal. Just imagine that 10 years ago there was no electricity in Khuzhir, from which we are broadcasting now, while now this town with a population of 1,500 has two or three thousand tourists every day in the summer - every single day!

The Yordynsky Games have begun in the Olkhon District. The games are a beautiful ethnic and cultural festival. Let's take a few seconds to watch and listen.

Foreign tourists flock here to see the festival by the thousands; there are so many of them around! But the locals have complained that they live as if in a reservation.

The Russian nature conservation legislation was seriously tightened several years ago. The water conservation zone of Lake Baikal has been expanded inland by dozens of kilometres, and locals say that they will be unable to do anything here if they comply with the law.

They say that it is a major problem. Nearly all the residents of this town have said so, but Viktor was especially expressive.

Viktor, over to you.

Viktor Vlasov: Good afternoon, Mr President.

Let us begin with the road. The road from the ferry to Khuzhir is so bad that it is almost non-existent. Many people come here by car, and these are expensive cars, and so people drive off from the road, trampling vegetation so that it will take a decade for grass to grow here again.

Nobody takes care of this road. The last time the road was filled was 10 or 15 years ago. Local and regional officials always fly in by helicopter, and so they do not see the road and do not know what it means to drive on a road on which vehicles easily turn upside down.

Pavel Zarubin: Indeed, the regional bosses arrived here by helicopter an hour ago. There it is, the helicopter, you can see it.

Viktor Vlasov: A few words about the water. We live on water. Look how much water there is all around us, but we get our drinking water from wells. It is incredibly bad! You fill a three-litre kettle and think that it is full of water, but it turns out there is a layer of hard water build-up two fingers thick in the kettle. Our drinking water is not filtered, and they cannot even build a good water tower.

Pavel Zarubin: As I understand it, you cannot build a road there, or can you?

Viktor Vlasov: No, we cannot build a road because the law prohibits quarrying on the island. Quarrying is allowed only on the mainland. But it would be impossible to transport all the materials by ferry, which runs strictly on schedule.

Pavel Zarubin: So, is it also because of this law that you cannot build a road?

Viktor Vlasov: When the Baikal National Park was established, a reserve was set up on our island. When we met at the club with the representatives, they promised us the moon and said that no one was going to infringe on our rights and nothing bad would happen.

In reality, everything happened: we are not allowed into the forest, not allowed into the fields, and things have reached a point where even our cattle are arrested and we are told that if we let this happen again, our cattle will be shot.

Vladimir Putin: We were in Balashikha only recently and we saw there the conditions in which people are living. This is the result of the fact that environmental norms were ignored at one point and people built housing in places where this should not have been done.

We certainly must resolve this situation now. I would like to get back, because what I have seen made an impression and we must do everything possible to help Balashikha and help the people living there.

Your situation is the other side of the coin, but these are two sides of the same matter. You said that environmental norms and legal provisions were toughened, but these territories are no doubt protected by our international obligations as well.

What can I say here? Of course, everything should be within reasonable limits. The protected water reservoir zone that you speak of should conform to Baikal's status and significance and meet the needs and demands of the people living in the area.

Of course, we cannot force people to carry buckets and cans of water for several kilometres. Water quality should be guaranteed and roads should be built. We must amend the current regulations and laws in such a way as to allow for economic activity, coordinated with the environmental organisations, in order to ensure normal and civilised conditions for the people living in these areas.

We need to make amendments to these laws. I have taken note of the matter. We will work together with you. I will say again that together with the environmental organisations we should do everything to ensure that things stay within reasonable limits. This is definitely necessary work.

I do not think this will have any negative impact on our commitments to international organisations. These organisations make people the primary focus of their work, so why should we not do the same? I see no reason not to. We will address this problem.

Tatyana Remezova: Thank you, Olkhon.

We received many questions from young mothers. This is why we went to a perinatal centre that has recently opened in the Republic of Bashkortostan, where our colleague Ivan Prozorov is working.

Ivan Prozorov: Colleagues, good afternoon,

We are in the Mother and Child clinic, a state-of-the-art multi-purpose centre, where high-technology surgery is performed, including under government quotas.

Of course, the main purpose of this centre is obvious from its name, Mother and Child. We are now in a ward for newborns, where mothers take care of their babies. By the way, we know that this mother and her child are about to leave the clinic. They will be home in a matter of hours.

This child was born less than two days ago. Both the mother and the child feel great, which should be credited among others to Ruslan Garifullin, who is an obstetrician-gynaecologist. He has been working at this centre since its first day.

More than 2,000 babies were born here in almost three years. Doctor Garifullin submitted a written question to Direct Line, and now he can ask it himself.

Doctor Garifullin, go ahead.

Ruslan Garifullin: Good afternoon, Mr President.

I am an obstetrician-gynaecologist, and have been working in maternity centres for 15 years. During my career, I had a chance...

Ivan Prozorov: Excuse me, my colleague is telling me that behind us you can see a ward where a young father has just entered with a newborn. Is that right?

Ruslan Garifullin: Yes, his child was born only a few moments ago.

Ivan Prozorov: Sorry for improvising. We knew that the operation was underway, but did not expect it to happen when we would be live.

Hello, you may not believe it, but this is Direct Line with Vladimir Putin. Millions of people can now see you. Congratulations on behalf of all of them. This is an incredible moment. What is your name, and how do you feel?

Artyom Sukharev: Hello, my name is Artyom Sukharev. This is actually my second child. He was born only 20 minutes ago, and I got to hold him right away. My wife is still in the intensive-care ward, while I get to know my child.

Ivan Prozorov: Were you nervous just as with your first child? Or was it less dramatic?

Artyom Sukharev: You know, I was less nervous, although there were still a lot of emotions.

Ivan Prozorov: Is it a boy or a girl?

Artyom Sukharev: It's a boy. This is the second boy in the family.

Ivan Prozorov: Great, congratulations! What is his weight and height?

Artyom Sukharev: He is 3.8 kilograms and 54 centimetres long.

Ivan Prozorov: Have you chosen a name?

Artyom Sukharev: Yes, his name will be Mikhail.

Ivan Prozorov: Amazing. Can you show us the baby? Is he sound asleep right now?

Artyom Sukharev: No, he is trying to open his eyes. Everything is interesting for him.

Ivan Prozorov: Thank you, and once again congratulations. Please send our well-wishes to your spouse. We will not disturb you any longer. Thank you, and congratulations.

(Applause)

We are returning to the question. Ruslan, I am sorry we were interrupted. Can you repeat your question?

Ruslan Garifullin: This was a good reason for interrupting, great news. I will continue.

Mr President, here it goes. Over the 15 years of my career, I have seen the birth rate both in decline and on the rise, the latter in the past seven or eight years. However, right now we are actually afraid that the birth rate will begin to drop again as a backwash of the birth rate drop in the 90s. There are literally fewer women these days who are ready to have children.

In this regard, my question is, will the maternity capital ***programme***, which expires in 2018, be extended? And will it cover the birth of a third child and further children?

Also, our new mothers are certainly concerned with the child allowance they receive once the child turns 18 months. At the moment they get paid a pathetic 50 rubles. It think it is a measly amount. Will anything change?

Vladimir Putin: First, I would like to congratulate Mikhail and his parents on his birth and the boy himself on coming into this world. It is a wonderful event for his family. We wish the parents and the child the best of luck and happiness.

Now to the demographics. Indeed, we have done a lot to turn the demographic trends towards stable growth. We have achieved a very positive result.

The birth rate in Russia is growing faster than across Europe. When I say that, many of my counterparts are surprised and honestly happy for us. Now, what I want to say about the trends is the following.

Russia suffered the biggest loss in terms of population and demographic development during the Great Patriotic War in 1943 and 1944. In 1943, the birth rate fell by 60 percent compared to the pre-war years.

During that time, fewer than one million children were born in Russia, in the Russian Soviet Federative Socialist Republic. In the 1990s, also due to difficult events, we had 1.2 million children borne, which is similar to the demographic loss during the war. The drop was around 50 percent.

Surely, we must take into account that the second case was also a repercussion of the Great Patriotic War to an extent, added to the dissolution of the Soviet Union, the collapse of the social welfare system, the drop in the quality of life, and massive unemployment. All these factors together resulted in a catastrophic birth rate decline, and it comes back every 25 years.

First the war, then every 25 years, and in the mid-90s the collapse of the Soviet Union and everything it entailed affected the picture. Eventually, we almost fell back to the level of the Great Patriotic War.

And what do we have as a result? The number of young people, primarily women of childbearing age, as professionals say, has plummeted. The generation that was born in the 1990s has entered this age.

The number of young women aged between 20 and 29 has decreased by 34 percent and the number of women aged up to 38 or 39 has dropped by 25 percent. Women aged between 30 and 40 continue to have children, and these are healthy kids. We should be grateful to medical advances for this. But still, the decline is tremendous. The number of people who can become parents has decreased.

We must do something to prevent the demographic gap from becoming wider still. What can we do? First, we have a number of tried and tested systems. You have mentioned one of them - maternity capital. By the way, over 7 million families, over 7 million mothers have received maternity capital, and nearly half of them have used it. This is our first achievement.

Second, allocations for a third child have been introduced in the regions with an unfavourable demographic situation. As a result, the birth rate has increased by 37 percent there. Yes, we have achieved the desired result. Our measures are effective, although they are also expensive. But we are talking about our people, our citizens, and our future. We must analyse all aspects of the problem very carefully. Of course, we must not squander funds, but neither should we be stingy with them. Therefore, we need a set of various measures, such as the extension of the maternity capital ***programme*** as it exists or in a new form.

We must think about encouraging young women to have their first babies, probably by allocating funds to them. Why so much attention to young mothers? Because they are still young, and so we should help them by giving them a start in life. We must also think about encouraging older mothers, that is, mothers aged 30 or more, to have their second and third children.

We have resolved the problem of kindergartens for children aged between three to seven. It is a major achievement of our social policy in the past year. As far as I know, there are places for 89 percent of children in this age group in kindergartens. But we do not have enough day nurseries.

We must have nurseries for young mothers who do not wish to interrupt their careers or would like to have one. We need a ***programme*** and a package of measures. I can tell you that we have ***plans*** for a government meeting to discuss this issue. I will not speak here about the measures we will discuss, but they are on the agenda.

Tatyana Remezova: Thank you, Ufa, and congratulations on the birth of a new citizen of Russia. It is a wonderful event. While we were answering your question, we received a question from Tatyana Prokopenko in Kabardino-Balkaria. She is asking about your grandchildren. How old are they, and what are their names?

Vladimir Putin: You know, my children, my daughters, despite all the rumours, live here in Russia, in Moscow. I have grandchildren and they live a normal life too. My daughters are involved in science and education and they stay out of the public eye, out of politics and live normal, everyday lives. As for my grandchildren, one of them is already in kindergarten.

The thing is, you see, I do not want them to grow up like some royal princes. I want them to live like ordinary people, and for this, they need to have a normal environment and ordinary interaction with other children. The minute I give their names and ages, they would be identified immediately and would never be left in peace, and this would be quite simply detrimental to their development. Therefore, everything is fine, and I ask you to understand me correctly and show understanding for this position of mine.

Tatyana Remezova: We understand you and we congratulate you on being a grandfather.

Vladimir Putin: Thank you. My second grandchild was born recently.

Tatyana Remezova: Congratulations!

Dmitry Borisov: You said that the maternity capital ***programme*** should be expanded. We have received many messages from mothers in the regions asking for the new law to allow them to spend the maternity capital on purchasing a car, which is often an essential thing for large families.

Vladimir Putin: Yes, there have been frequent discussions on the possibilities of spending the maternity capital, which today comes to slightly more than 450,000 roubles. The maternity capital was not indexed over the last couple of years, the last three years even. This is something we must do and we will come back to this.

As for whether this money could be put towards other purposes, this is something we can reflect on. The only thing that has always worried me is that the money will be simply wasted and the mother, family and children will not receive the benefits of this state effort. This money is destined above all for improving housing conditions. Yes, this money is probably not enough to buy housing, but it can help towards buying it. Young families can also join one of the regional ***programmes*** for supporting young families and spend the money through these ***programmes***. Alternatively, it can be spent on health or education. These are the main priorities.

Given the main issue people face today - the drop in incomes - we could perhaps take the simple approach of making it possible for part of the maternity capital to be given directly to the family, only part of it, to support families with two or more children. Perhaps this would be more effective than allowing people to spend it on something that is not a priority and then see it wasted, possibly the item being sold, and even at a loss. Perhaps it would be better to let people have part of the money in today's circumstances. We will reflect on this.

Dmitry Borisov: Still, maternity capital is a lot of money - 450,000. But child benefits, as they report from various regions, are paltry: 183 rubles or 200 rubles.

Vladimir Putin: I am sorry. One of our colleagues, a doctor, has already asked a question about benefits. Yes, they are small. Indeed, they are, but we had a choice: either to increase the benefits or keep maternity capital. We opted for keeping maternal capital. It is a major financial commitment for the government, but it is a more effective tool. Still, we need to think about benefits, too.

Dmitry Borisov: I would like our guests in the studio to join in the conversation. Nailya Asker-zade. Please go ahead.

Nailya Asker-zade: There are representatives of small and medium-sized businesses among our guests, and they complain about problems with financing. One of the business leaders here, Alexander Kychakov from Novosibirsk, develops residential neighbourhoods.

Mr Kychakov, your question please.

Alexander Kychakov: Hello, Mr President!

The business community is often confronted with one and the same problem: although banks declare interest rates of 11-12 percent, the actual rate in our particular case reaches almost 19 percent - 18.75 - through additional mark-ups and charges required to open credit lines, to maintain limits, or to meet restrictions. With such rates, as I mentioned, we will not be able to build a new economy, and unfortunately, business is unlikely to be as profitable as we would have liked. I would like to ask a question. My colleagues will confirm: we just sat here and talked with Maxim, who owns an equipment-making business. I would like to know: do your ministers report to you on the real state of affairs with the financing of small and medium-sized businesses, and whether the Government ***plans*** to do anything with the level of interest rates and take steps towards solving the problem of ensuring growth and access to financing.

Vladimir Putin: Excuse me, what is your name?

Alexander Kychakov: Alexander Kychakov.

Vladimir Putin: Alexander, this, of course, is one of the key problems - the interest rates and the availability of loans. We have the head of the Higher School of Economics here, who would probably explain this to you, even more professionally than I would, especially since he is close to the Governor of the Central Bank.

Why does this happen? Of course, the interest rate always corresponds to the level of economic development. This is one of the key things that affects the country's macroeconomic stability. We had to act based on inflation, which surged to 12.9 percent. The Central Bank was forced to raise this rate, otherwise it would have sent the economy tumbling, but it is reducing the rate gradually, as you know, it is now 12.5, and the rates of commercial banks are also falling. True, the Central Bank promised us that this year the volume of financing from commercial banks will be increased to around 6 percent.

What is happening today? Today, the average weighted rate for corporate borrowers is 11.5 percent. Small businesses probably have to pay a higher interest rate, 11.5 percent is the average figure. Incidentally, regarding this and other subjects we will be discussing, I would like to apologise right away to people who say, "What does the average weighted indicator mean for us? This is like calculating the mean temperature of hospital patients. Some people have bigger loans or lower incomes, and few are what you call average." We need some kind of reference point. What does an average weighted interest rate mean to us? Clients whom the banks view as reliable, stable, transparent and with a good credit history can borrow at even lower rates, while at-risk borrowers can take out loans only at a higher interest rate. As I have already said, we are talking about an average interest rate of 11.5 percent for corporate borrowers and 15.5 percent for individuals. Nevertheless, mortgage lending is on the rise, through all the initiatives to facilitate lending.

I very much hope that the Central Bank continues to move cautiously towards reducing the key interest rate.

Why has the Central Bank adopted such a cautious approach? Unfortunately, the Russian economy still depends on oil and gas. The price of natural gas depends on the price of oil, and a special formula is used to calculate it. The price of oil has recently exceeded $50, and today it is only $48, I think. The Central Bank believes that if it declines, the key interest rate would have to be adjusted. What matters most for us right now is not the key interest rate itself, but avoiding any sharp fluctuations in the key interest rate. We need to ensure a stable exchange rate for our national currency, the ruble. This is what underpins the Central Bank's cautious approach. Some may like it, others may not. I am simply trying to explain the Central Bank's logic. It deserves respect.

There is no doubt that small businesses should be supported. I will not go through all the mechanisms we have in place for supporting SMEs, you probably know them, and these mechanisms should be further improved.

We also have to create incentives for the banking sector to act more aggressively. One thing to keep in mind is that profits of private banks are on the rise and have exceeded 650 billion, which is a substantial figure. At the same time, this kind of growth does not translate into more lending. In fact, corporate lending has increased by only 0.7 percent. The rise in consumer lending was somewhat more pronounced, but this is not enough. We have to work together and be cautious so as not to shake up the macroeconomic landscape. This is the foundation of Russia's financial system and its entire economy.

Tatyana Remezova: Let us hear from the call centre. Maria Gladkikh.

Maria Gladkikh: Thank you.

Mr President, the geography of calls is all over the map. We get many calls from the CIS and beyond. Our editors are telling me we have a call from Kiev.

Dmitry, please ask your question.

Question: Good afternoon. My name is Dmitry, and I live in Ukraine.

Why did you abandon us? Not everybody in Ukraine supports Bandera and Shukhevych. We honour the memory of our ancestors. We march with the Immortal Regiment. Why does Russian television smear us all with one colour?

Vladimir Putin: Thank you very much for your views and for valuing our shared history. You just mentioned the Immortal Regiment. We do see and appreciate that, believe me. And I cannot agree with you that Russian television smears everybody with the same colour, black.

Overall, we make sure not to paint anyone black. But we are cautious about giving you excessive public support, which could actually harm you. We try not to interfere in Ukraine's domestic affairs.

Once again, trust me, we can and do highly appreciate your stance. Thank you for your call.

Tatyana Remezova: Mr President, what do your friends say on this topic? For example, Viktor Medvedchuk, who was actively involved in the exchange of POWs in Donbass?

Vladimir Putin: You know that we have many allies in Ukraine. You just mentioned Viktor Medvedchuk. I met him when he was Chief of Staff of President Kuchma's Administration. He mainly cooperated with Dmitry Medvedev, who was Chief of Staff of the Russian Presidential Executive Office. They are still on very good terms.

Medvedvchuk has his own beliefs. My opinion is that he is a Ukrainian nationalist but he does not like this description. He considers himself to be an enlightened Ukrainian patriot. It is not a secret that his father was an active member of the Organisation of Ukrainian Nationalists and was convicted by the Soviet court, went to prison and then was exiled to the Krasnoyarsk Territory, where Medvedvchuk himself was later born.

He has his own views on Ukraine's independence. He is, of course, an ardent supporter of Ukraine's independence but his belief system is based on fundamental treatises of those whom we can hypothetically describe as Ukrainian nationalists and who wrote their treatises in the 19th century and later on. These are Grushevsky, Franko, Dragomanov and the like. Then comes the man of our time, Chernovol.

All of them - I would like to emphasise that all of them proceeded from the premise that Ukraine should be independent but as a federal state. Moreover, one of them wrote that excessive, "mechanical" centralisation, as he put it, would lead to internal conflicts in Ukraine and this is, actually, what we are witnessing today.

But Viktor Medvedchuk is upholding their view; he is doing this on-the-record in his public speeches and papers. He is involved in scholarly studies. He writes articles and he does all this publicly. Probably, some people in Ukraine do not like this but such is his position.

Incidentally, these fundamentalists of Ukraine's independence and Ukrainian nationalism - some of them did not see Crimea as part of Ukraine at all, but this is apropos. At any rate, all of them favoured federalisation, greater freedom of the individual and democratic development of the Ukrainian state.

Mr Medvedchuk shares this viewpoint but that said, he stands for very good relations with Russia, for economic integration, if not for some form of union. He says it is absurd to destroy the advantages we inherited from the past, referring to the common infrastructure, common energy grid and common financial and technological potentials and cooperation. It is absurd to destroy all this.

He believes economic cooperation is not only possible but also rational. He is acting or rather formulating his ideas proceeding from the interests of his people, the way he sees them. So he is not alone.

We have just heard from Kiev or from Ukraine anyway, from a man who told us that he is taking part in campaigns linked with our common memory. Such people as Medvedchuk are also doing this. He also thinks we should cherish our common past and all the positive events of the past.

Yes, he is involved in the exchange of detainees, prisoners of war, if we could call them that, and he is doing this on instructions from Ukrainian President Petro Poroshenko.

Dmitry Borisov: We have a follow-up to the Ukraine theme.

Here is a question that came through VKontakte social network. "Ukraine widely celebrated the beginning of visa-free travel with Europe. President Poroshenko referred to this as bidding the final farewell to the Russian Empire. After that, he quoted Mikhail Lermontov's poem, "Forever you, the unwashed Russia! The land of slaves, the land of lords ..."

Would you like to answer him?

Vladimir Putin: No, I did not see his remarks on this account. However, I was told about them yesterday, I will not hide this fact. Indeed, Mr Poroshenko thought it fit to read this excerpt from Lermontov's poem, "Forever you, the unwashed Russia! The land of slaves the land of lords, and you, the blue-uniformed ushers, and people who worship them as gods." First, this tells us that he is familiar with the Russian classical literature, and takes an interest in it. I commend him for that. However, this is not the end of this poem. There is the second part, which runs as follows: "I hope, from your tyrannic hounds to save me with Caucasian wall, from their eye that sees through ground, from their ears that hear all."

Mikhail Lermontov was a forward-looking man, and he wanted the political situation in Russia to improve. He was smothered by the atmosphere that prevailed in Russia at that time. And he talked about it openly.

First, if it was Mikhail Lermontov who wrote this poem, he wrote it approximately in 1841-1842, if memory serves, when he was headed for the Caucasus to join the active army. He was an officer and defended the interests of his homeland. He was a brave officer.

Further, at that point, the regions that are considered Ukraine today were Russia's regions, and if the President of today's Ukraine quotes Lermontov as saying that he is leaving for some other place, Lermontov referred to entire Russia, including the areas that today are known as Ukraine. So, there is nothing special to brag about here.

Also, Lermontov was going to the Caucasus, which was part of the Russian Empire at that time. He moved from one part of the empire, St Petersburg, his native land, to another part of the Russian Empire. He was not going anywhere outside of Russia as a matter of fact.

Perhaps, Mr Poroshenko is thus sending us a message that he is not going anywhere, either. However, he does it so finely, looking over his shoulder at the jingoists and the real nationalists, numbskulls running around waving swastikas. However, he is telling us: guys, I have my interests in Russia, and I am really not going anywhere. This may be the case as well.

Of course, this is nothing but conjecture. In fact, most likely, Mr Poroshenko wanted to show his voters that he is delivering on his promise by making a civilisational choice, as the Ukrainian leadership puts it, by leading the country towards Europe.

By the way, remember the line, "the blue-uniformed ushers, and people who worship them as gods?" The place he is taking Ukraine to has more blue uniforms than our country. So, he should stay alert to keep out of harm's way and look around carefully.

To be sure, we have nothing against these guys. I want to say: we have nothing against you, live in peace and harmony, and good luck to you, especially with new recruits.

As for the core of the matter, you know that incomes fell here a few years back, and this is something we speak about frankly. Our average wage, if we put it in dollars rather than convert between rubles and hryvnia, was around $540 a month. Wages in Ukraine were similar, with an average of somewhere in the range of $450, $457, or $460. Wages here have not grown much, but they have grown, and the average was $624 a month in April this year, while in Ukraine, they have dropped to $251 a month.

At the same time, gas prices have at least tripled, and households are paying even higher prices. Cold and hot water costs have also risen, by 200 percent each, and pensions have decreased by 45 percent. If this situation continues, many people in Ukraine will face sanitation and hygiene issues.

Who gets to wash, where, and how often will become a big issue. Of course, Russian and Ukrainian literature both offer memorable and blunt examples that I could use to respond to Mr Poroshenko, but I will not do this out of respect for the Ukrainian people and for our common history and common faith.

If someone wants to become a European, they should first close their offshore accounts and then talk about the good of their people. In this respect, one quote comes to mind. I cannot quote it exactly, word for word, but I can convey the message.

Close to 170 years ago, Taras Shevchenko said, "Ukraine has fought to the point where it suffers more at the hands of its own children than it ever did at the hands of the Poles". I hope that this period in the life of Ukraine and its people will end.

Tatyana Remezova: We have a question from the Stavropol Territory. One of our crews went to the author of this question in Krasnokumskoye, a village that was badly damaged by the May floods this year. We have our colleague Mikhail Akinchenko there.

Mikhail Akinchenko: Good afternoon.

The weather has created many problems for people in the Stavropol Territory. Even today we have been bothered by rain. Of course, it is much lighter than the showers that hit the region in late May and resulted in the worst floods in 50 years. Krasnokumskoye was one village that was badly affected. The overflowing Kuma River flooded some 400 buildings and household plots.

Locals recorded the flood on their smart phones. You can see what happened at the site where we are now. It was flooded for about three days, and the water was about a meter deep or even more. Three weeks later, many people still cannot return to their houses. They are damp and the walls are cracked, so it is unsafe to live in them or even go inside, like this house. The owner, Valentina Sokovskaya, called Direct Line to ask a question. Valentina, what are you doing now?

Valentina Sokovskaya: I am putting away the children's stuff because it will get more damp and smelly if I leave it here. I will move it to save at least some of it.

Mikhail Akinchenko: Valentina, I know that you have been promised financial assistance for repairing this house or for buying a new one. I see that you are not doing anything yet. Why? You can share your problem with the President, who can see and hear you. Tell him.

Valentina Sokovskaya: Hello, Mr President. There is not much to tell. I have not received any money from the government. The walls are cracking, the ceiling is shifting, and the plaster is crumbling. The house has cracked on all sides.

We are waiting for the inspection commission; we cannot do anything until it comes. But the commission will not come until we pay an architectural fee of 6,000 rubles. Also, we must pay 1,800 rubles for certificates to prove that we have nowhere to live. But there are four owners in this house, which we bought with maternity capital, and the total we have to pay is high, about 15,000 rubles. We don't know what to do. We are living with friends, and we have sent our children elsewhere. I have three children, but I only have the youngest with me. My daughter is in a health camp and my son is with my relatives. But I don't know how long this can last. It's good that it's summer and we have friends, but what will we do in the autumn and winter? Frankly, we are at a loss.

Vladimir Putin: I see.

Valentina Sokovskaya: We hope that maybe you will be able to help us in one way or another.

Vladimir Putin: Excuse me, what was your first name?

Valentina Sokovskaya: Valentina.

Vladimir Putin: Valentina, what you have just said is very strange. I simply cannot get my head around it. Can I ask you whether you received the 10,000-ruble allocation and 50,000 rubles for partial loss of property?

Valentina Sokovskaya: No, we have not received anything so far.

Vladimir Putin: Nothing at all?

Valentina Sokovskaya: I am not the only one in this situation. There was no aid.

Vladimir Putin: This is very strange, since the funds for helping the affected families were transferred from the federal budget to Stavropol Territory. I would like to ask the Governor of Stavropol Territory, where did the money go? This is the first thing.

Secondly, I would like to ask the Prosecutor General's Office to check how the work is proceeding.

Thirdly, the fact that you are asked to pay fees to architectural agencies or for receiving certificates of some kind is total nonsense.

You are entitled to 10,000 rubles for your immediate needs, another 50,000 rubles for partially lost property, and 100,000 rubles for unrecoverable property. The municipal, city and regional authorities must deliver all the relevant certificates free of charge, without shifting the burden on to you. We have decided on these allocations of 10,000, 50,000 and 100,000 rubles in order to help people, and did not intend to get the money back by charging people for certificates. This is complete nonsense. Be assured that we will look into this.

Valentina Sokovskaya: Thank you very much.

Vladimir Putin: I hope that the Governor visits you as soon as today.

Valentina Sokovskaya: We hope so too.

Vladimir Putin: He should look into this situation.

Tatyana Remezova: Thank you very much. We will wait for a response.

We are now travelling from the Stavropol Territory to Rostov-on-Don. Our colleague Anton Vernitsky is reporting from outside the new Platov Airport.

Anton Vernitsky: Platov Airport, which is currently under construction 30 kilometres from Rostov-on-Don, was named after Matvei Platov, a prominent chieftain of the Don Cossack Army and hero of the 1812 war. The airport is 90 percent completed and will receive its first flight in December.

Why is this project unique for Russia? While other Russian airports were upgraded or restructured, this airport was built from scratch. Only three years ago, there was nothing here. Now there is a facility that can receive up to 5 million passengers a year. It is equipped with state-of-the-art equipment. Nine jet bridges. Those who saw the old Rostov-on-Don airport where our crew arrived will notice the difference immediately. The old airport does not even compare to this.

Why are we here? Almost 3,000 construction workers and engineers are working here on a daily basis. Alexander Serov is a future member of the staff. He will be receiving passengers. For now, he works at the old airport. He sent his question to Direct Line, and we called him away from his work and invited him here to ask his question to the President in person.

Please, go ahead.

Alexander Serov: Good afternoon, Mr President.

Before I ask my question, I would like to invite you to the opening of Platov Airport next December. We really hope that the completion of such an ambitious and perhaps unique project will not go unnoticed by you.

Now, let me ask you a question. My colleagues, my friends, a large number of passengers and I cannot fly directly between Russian cities. The itineraries require transit via Moscow airports. Passengers have to make a stopover in Moscow and lose precious time or instead travel by train or by car. Are there ***plans*** to expand the domestic flight network to connect our regions directly?

Thank you very much.

Vladimir Putin: Alexander, you have raised one of the most urgent issues both as regards transport accessibility and preserving the unity of our territory. Our people must have the opportunity to move within regions not via capital cities. You are absolutely right.

However, regrettably, this network collapsed completely here in the 1990s and early 2000s. As you know, for several years we have been working to restore it and put it on an entirely different footing. However, distances in the Far East and Eastern Siberia, where this issue is particularly urgent, are great while the population is not big enough to fill up large airliners. So the economics of interregional flights is difficult. Everything has to be subsidised. But we have set up, I think, seven public enterprises to organise interregional domestic flights. This is the first point. They are operating and I am hoping we will expand their activities and number to other regions of the Russian Federation. This is the first part.

The second is the expansion of the airport system, the number of airports. I think we have 230 or 232 airports in all, and a whole ***programme*** to develop the airport network. We will continue working on it and funding it.

The third matter is the availability of adequate equipment because, let me repeat, even if you build an airport... By the way, we will have an absolutely new airport that will be built from the ground up in the open country for the first time in Russia's recent history. Importantly, it is being built using the latest methods and technology. This is vital for transport infrastructure both at the national and regional levels.

However, for a flight from Rostov to Sochi, for example, neither a Boeing nor Il-96 could be filled up. We need small planes and they must be of different haul - those that cover 400-500 km, 1,000-1,500 km or from 2,000 to 4,500 km. We are now localising the production of small modern aircraft that have earned a good reputation with a view to ***producing*** them in Russia.

We also want to bring back a slightly bigger aircraft - the Il-114, I think. Regrettably, the Government did not find the money and I will reprimand them for this. They did not find the funds to develop this aircraft that is critical for us, considering our vast territory.

Nevertheless, we found an opportunity and earmarked several dozen billion from Rosneftegaz for the relevant ***programme*** designed for several years. This aircraft will be manufactured at a modern facility in the Moscow suburbs and I hope very much that everything will be done on time. In any event, I am almost certain that we will make it. At any rate, we know about this and will continue working to fulfil this extremely important task.

Tatyana Remezova: Thank you, Rostov.

Now let us give the floor to our guests again. Olga Ushakova's section, please.

Olga Ushakova: Thank you.

Mr President, we have representatives of the creative intelligentsia here today, our favourite actors, directors, who certainly have questions for you, things they want to ask.

I would like to give the floor to Sergei Bezrukov, National Artist of the Russian Federation and artistic director of the Moscow Gubernsky (Provincial) Theatre. Please go ahead.

Sergei Bezrukov: Good afternoon, Mr President!

First, I would like to thank you for your work on children's issues. On May 29, you signed the Executive Order On the Decade of Childhood. We are grateful for this, and for the support of children's theatres. We have discussed this at the forum in Omsk. Thank you so much. I hope that it will be annual, because they do need support.

So, the question that really worries us, my colleagues and me, I cannot help but ask it. Something monstrous is happening, as I see it, with regard to Alexei Uchitel's film - I am sitting next to him, but I will take it upon myself to explain - the film Matilda.

At first, we thought it was a joke. But then, when checks and inspections began, when people who have not even seen it tried to ban it...

Also there was the Gogol Centre and the incident with Kirill Serebrennikov. Kirill's place was searched, then the theatre, and in no time rumours started about attacks on freedom of speech, freedom of artistic expression, freedom of creativity.

Who needs this? Certainly not you. But it looks like someone is trying to create negative feelings toward the authorities among cultural figures. I would like to hear your opinion on this matter.

Thank you.

Vladimir Putin: We have a big and complicated country, with many people with various views, various points of view, various assessments. There used to be many films featuring the imperial family in former times, I mean they concerned, in one way or another, the imperial family, Rasputin and so on.

There was a lot of that. Those films were much more hard-edged, I would say, than what your neighbour did, Mr Uchitel. I know him personally, and respect him as a person who is very patriotic, for all I know about his views, and who does very talented things. But I would not like to interfere in his dispute with State Duma deputy Poklonskaya. She also has the right to her point of view.

You said that they are trying to ban the film. No one is trying to ban it. She has a stance, she is trying to defend that stance by appealing to various authorities, but no prohibitive decisions have been made on this matter, as you know.

I am really counting on continued open dialogue in our society, but I urge everyone to maintain dialogue within the bounds of decency and, most importantly, within the framework of the law.

Mr Uchitel wants to say something. Yes, please.

Alexei Uchitel: I will not criticise or praise anyone.

Mr President, the absurdity is that - well, one certainly can express their point of view, when they see something. But when I saw Ms Poklonskaya on June 12, I invited her to see the film. She refused. This is what I see as absurd.

I would think that the Duma has, for example, a Committee on Culture headed by the amazing director, Stanislav Govorukhin, where they could deal with this issue. But sending ... Why waste government money on sending the Prosecutor's Office, the Treasury, the Accounts Chamber to inspect us first? They all do the same thing. We show the document that everything has already been checked and everything is in order, and they are doing the same thing.

I would say incitement to this is unacceptable.

Vladimir Putin: Yes.

Dmitry Borisov: Natalia Yuryeva is ready to join us.

Natalia Yuryeva: Thank you colleagues.

This year, for the first time in real time we can see how social network users are reacting to our ***programme***.

NTV launched the hashtag #watching the line a few days before the ***programme***, and we now have 120,000 messages. Another 365 messages have come in as I was speaking.

People say that the internet audience does not watch TV, but we see here that this is just an opinion and nothing more. The most active users live in Moscow, Nizhny Novgorod Region, and Krasnoyarsk Territory.

Let us see now on the screen the post that drew the biggest number of likes. Here it is: Krasnoyarsk residents are waiting to be resettled from khrushchyovki [Khrushchev-era 5-storey apartment blocks]. If Muscovites oppose the ***plan***, try the experiment on us. Hashtag #watching the line.

I suggest we now take a video question that has come to the call centre.

This is a video call via the OK Live service. Hello, you are on. Please put your question to the President.

Question: Hello, Mr President.

I have a category-one disability. My name is Klavdiya and I live in Orel. Could you tell me please why those entitled to federal benefits in this area are not receiving their medicines in full? Why are we forced to fight for our medical provisions in courts? For six months now, I have not been receiving the medicines I need: Cinacalcet, paracalcitol, and mircera.

Vladimir Putin: I heard your question. This is odd to me too, because the federal authorities have ensured full funding for the acquisition of these medicines. There could be some problems related to delayed purchases and delays in...

Remark: I have appealed repeatedly to Vadim Potomsky and Alexander Lyalyukhin, but I am always told that under Federal Law 422, federal beneficiaries will again receive 707 rubles and 22 kopecks and they cannot provide us with the full range of medicines for this money.

Vladimir Putin: We will look into what they can and cannot provide. There are some medicines and some illnesses, the so-called orphan diseases, which I know for certain receive federal funding and are covered in full. Let me say again that there can be glitches due to delays in holding tenders and purchasing these medicines. But there should be enough money for all of these medicines. I promise - the main thing is to remember where you are, I understand that you are in Orel -we will definitely look into this situation.

Remark: Thank you very much.

Can I ask another question?

Vladimir Putin: Go ahead.

Question: Mr President, could you please enact a law so that patients can be transported for haemodialysis from their homes and back?

Vladimir Putin: I remember that this issue was raised last year, including the possibility for providing this treatment at home.

As for transporting patients, I have to be honest that this is the first time that this issue has been put to me this way. I promise you that we will definitely look into it. We will also think about the transport issue. Of course, this will require additional spending, but this is a very sensitive topic and a very important thing for people who are suffering from diseases of this kind. Be assured that we will look into this and do our best to find solutions.

Remark: Thank you very much. It was a great pleasure and honour for me to be able to talk to you.

Vladimir Putin: Thank you, Klavdiya, for this call.

Dmitry Borisov: I would like to thank the call centre.

And now we are live at the Baltic Shipyard in St Petersburg with our reporter Dmitry Vitov.

Dmitry Vitov: We are at the Baltic Shipyard's outfitting quay, where the construction of a unique vessel, the Arktika nuclear icebreaker, is about to be completed. It will be a successor to the legendary Soviet icebreaker which was the first surface ship to reach the North Pole in 1970s. This new icebreaker was floated out last year, and the nuclear reactor has already been installed.

Mr Ryzhov, as you were telling me, what is its overall propulsion power?

Yury Ryzhov: The icebreaker's overall propulsion power is 60 MW.

Dmitry Vitov: So the foreign newspapers are right when they call it the biggest and the most powerful icebreaker in the world?

Yury Ryzhov: This is the largest and the most powerful icebreaker in the world with the highest icebreaking capability.

Dmitry Vitov: Mr Ryzhov works in the shipbuilding department. I hope that you will not take it as an offence if I call you an elder of this plant. How many years have you been working here?

Yury Ryzhov: I am one of the oldest employees here. I have been working at this plant for about 50 years.

Dmitry Vitov: The history of the Baltic Shipyard goes back 160 years. Your career lasted one third of its history.

Mr Ryzhov has told me that the Baltic Shipyard has always been regarded as a unique experimental facility. It built the first metal ships and the first Russian submarine a hundred years ago. It also built gunboats and battleships. It did not stop working during the Great Patriotic War, when it built barges for the Road of Life. In the 1990s, which was yet another difficult period in Russian history, the shipyard built heavy nuclear-powered missile cruisers such as the Pyotr Veliky, which are serving in the navy.

The people I have talked with told me that the most difficult time in the shipyard's history was the early 2000s, when private owners almost bankrupted the shipyard, because they only wanted the land on which it stands on Vasilyevsky Island in the centre of St Petersburg. They probably wanted to build luxury housing or malls here. But the government has saved the shipyard. Right?

Yury Ryzhov: Yes, you are right. The early 2000s was probably the most difficult time for the plant and its personnel. The number of people working at the plant dropped from 12,000 at the best of times to 3,000. The shipyard stopped building high-tech nuclear-powered battleships and only turned out unpowered bulk oil barges. The situation is improving now, thanks to the state and the President. We have a thick portfolio of state contracts until 2021.

Dmitry Vitov: Mr Ryzhov, you can ask the President your question.

Yury Ryzhov: Good afternoon, Mr President.

Vladimir Putin: Good afternoon.

Yury Ryzhov: I have a question from the Baltic Shipyard staff and myself. What will happen to the plant? What could we do in light of the Government's Arctic development ***plans*** and Arctic projects? Will you use the shipyard's rich, unique experience of building nuclear-powered vessels? Do you have modernisation, construction or further development ***plans*** for the plant? Thank you.

Vladimir Putin: The Baltic Shipyard is a flagship of our shipbuilding industry. You just spoke about the history of the shipyard. I know about the difficulties the plant faced in the 1990s and the early 2000s. When I worked in St Petersburg, we tried to support it and make sure it got orders. By the way, we managed to keep the plant going, and it was also helpful for the Navy. Those rough attempts to privatise the Baltic Shipyard are, thank God, in the past. I am talking about rough and fraudulent schemes.

Nowadays, the United Shipbuilding Corporation is growing, and the shipyard is developing. And it will keep developing. We saw you near the new Arktika nuclear icebreaker. Our ***plan*** is to build four icebreakers of this class. I think you know about this. The first one is the Arktika; then there will be the Sibir and the Ural. They all have a high power of 60 MW. By 2025, another icebreaker class will be developed, even more powerful, twice as powerful as those that I just mentioned, one of which you are finishing. The new class will have a power of 120 MW. If the first class breaks ice up to three metres thick, the Lider will be able to deal with unlimited amounts, any thickness. All this is due to the latest technology which the Baltic Shipyard is mastering very fast thanks to its prior experience and the opportunities of modern developments.

Therefore, what can I say? We have included the necessary funds in the budgets. The prospects for the Lider are more distant and the funding options are not yet clear, but I am certain we can accomplish this.

I want to point out that nuclear icebreakers of this class are not built anywhere else in the world. Russia has them because we need to operate in the Arctic. As you said, we need to establish ourselves there, and we will do it. There will be plenty of work for the shipyard. I am certain the plant will not only retain its team but also expand it. I wish you all the best.

Tatyana Remezova: Mr President, I have a question coming from the website of our ***programme***: why are we so focused on the Arctic? For the past 20 years, no one spoke about it, and today we see Arctic troops even at the Victory Day parade. A lot of money is spent on the Arctic. Why is this being done?

Vladimir Putin: While we are on this subject, what else can I say? I have already started talking about this. The Arctic is an extremely important region, which will ensure the future of our country. Mikhail Lomonosov once famously said that Russia would expand through Siberia. I can say with confidence that Russia's power and capabilities will expand as we develop the Arctic region.

As I mentioned at a meeting held in the Arctic, by 2050 about 30 percent of all hydrocarbons will be ***produced*** in the Arctic area. Some of our major projects are already being implemented there with NOVATEK building a plant, a company town, an airfield, and a port in the Arctic zone. Production has already begun in the Arctic.

Therefore, from an economic point of view, this is critically important. Especially so if the climate is going to change. Despite a cold spell in Moscow, the global warming trend will continue, meaning that the navigation period in the Arctic zone will get longer. In turn, this means that the Northern Sea Route will be used much more actively than now. The navigation period will go from the current one or two months to four and even five months.

The so-called non-regional powers are showing an active interest in this region. That is a good thing, and we are willing to cooperate with them, but we must ensure our priority interests.

I went to Franz Josef Land recently. The people who work there told me that many tourists go there, including those from other countries, and some tour guides have already told tourists that these islands used to be part of the Soviet Union.

This should put us on alert, as it is our territory. So, we need to ensure the use of these routes, develop our economic activity in these areas, and ensure our sovereignty over these territories. Let us not forget about the purely military aspect of the matter: it is an extremely important region from the point of view of ensuring our country's defence capability.

I do not want to stoke any fears here, but experts are aware that US nuclear submarines remain on duty in northern Norway, the time it takes a missile to reach Moscow is 15 minutes, and we need to have a clear idea of what is happening there. We must protect this shore accordingly, and ensure proper border guarding.

On top of everything, from the point of view of ***strategic*** weapons, the flight route of the ground-based missiles located in the United States passes precisely above the North Pole. I hope it will never come to that, but since we are aware of it, we just need to make sure that the missile warning system and the missile launch control system are in place.

This is what the Arctic means to us. We had not engaged in this work before not because it is unimportant, but because we were unable to afford it. We just let it go, as, unfortunately, we did many other things that are critically important for our country. Now we are back to it, I hope, for good.

Dmitry Borisov: We can now go back to St Petersburg so that you can ask a second question.

Dmitry Vitov: We have been able to get a glimpse of people working at the plant. These are incredible people. Not everyone would be able to work in these conditions.

For example, welder Alexei Bogdanov has been telling me that while you can learn the welding profession elsewhere, it is only here that shipyard welders work, on the building berths and the outfitting quay.

Apart from professional matters, local workers, just like St Petersburg residents in general, have questions on broader issues. Ivan Brattsev is a worker who builds icebreakers. Ivan, you have a question. Go ahead.

Ivan Brattsev: Good afternoon, Mr President.

We work in the Baltic Shipyard, where we build the most powerful and the largest icebreakers in the world. However, my question is not related to industrial matters. Many residents of this wonderful city, myself included, are eager to hear your personal perspective on the future of St Isaac's Cathedral.

As someone who was born and grew up in St Petersburg, do you think that it would be right for the city to keep the cathedral and preserve it as a museum and an architectural landmark or transfer it to the Russian Orthodox Church?

Vladimir Putin: I did not expect this question, especially from the Baltic Shipyard.

What I can say is that Russia is a secular state. This is the way it was created, and it will stay this way. This is my first point.

Second, after the October Revolution, the state went to great lengths to destroy our spiritual and religious roots, and was unwavering and cruel in pursuing this objective. Many churches were razed to the ground.

Back then the state attempted to come up with a quasi-religion and replace the Bible with the Moral Code of the Builder of Communism. It did not work. Many cathedrals were demolished; many priests perished, were killed, sent to camps or executed by firing squads.

And the traces of what happened back then are all around us. Here in Moscow, not far from where we now are, the Cathedral of Christ the Saviour was razed to the ground. It was not uncommon for churches to be used as stables or workshops. Thank God St Isaac's Cathedral was spared.

You know, of course I looked into this issue. It is true that this cathedral never belonged to the Church. Throughout its history it was operated by the state. However, the Tsar used to be the head of the Church, so if we see it this way, the Church did own the building. It was built as a cathedral, as a church, not a museum. It was intended for worship, for people to pray there.

And what did they do there in the Soviet days? They set up Foucault's pendulum to demonstrate the rotation of the earth. In fact, it was a museum of atheism, a quasi museum of atheism. In a sense, it was a subtle mockery of people's religious feelings. However, hundreds of thousands, millions of people, including foreigners, visit it. There is no getting away from this fact.

So yes, we have a law passed, I believe, in 2010 on the transfer of religious buildings to religious organisations, and we are supposed to enforce it. At the same time, we have international obligations and other laws that ban the transfer of architectural landmarks under UNESCO protection. There are some disagreements, but I believe we can easily overcome them if we ensure both museum activity and the exercise of religious beliefs. I do not want to jump ahead of myself, but such solutions have been found in other countries. Say, St Peter's Basilica in the Vatican - people go there and there are guided tours.

Therefore, it is important to depoliticise this problem, to stop thinking about it as such, to respect people's religious feelings and never forget that this building and structure was built as a church, not as a museum. Nevertheless, it should retain its function as a museum, of course.

How can these interrelations be fostered? As a matter of fact, it is not so difficult. Simply, there should be no agitation, no exploitation of this issue. People should not be provoked and used as a tool in some petty internal political squabbling.

Dmitry Borisov: The call centre again, Maria Gladkikh.

Maria Gladkikh: Yes, colleagues, our statistics show that women are more active: 62 percent of those who have called are representatives of the fair sex. And now an urgent question from Svetlana Romanova in Chelyabinsk.

Good afternoon, you are on. We can hear you.

Svetlana Romanova: Good afternoon, Mr President,

I have a vegetable plot. I have been using it since 1981. A cottage was built there. No construction regulations were violated. A natural gas pipeline is more than 100 metres away from the plot.

In 2014, a bylaw was passed extending the exclusion zone from 100 metres to 150. As a result, many vegetable gardeners received a court summons and were ordered to tear down their houses without compensation. Is that legal? Will there be a law to protect us?

To be continued.

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[***Global Cloud Seeding Technology Market is Likely to Grow at a considerable CAGR Over the Forecast Period***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RG9-KBR1-JD3Y-Y32K-00000-00&context=1516831)

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January 23, 2018 Tuesday

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**Body**

January 23, 2018

Cloud seeding is a procedure of seeding the clouds with chemicals such as dry ice or silver iodide to stimulate the phenomenon of precipitation and bring rain. This is done through creation of ice crystals from cloud droplets which are in the super cooled state. Once the super cooled cloud droplets turn into ice crystals by reacting with silver iodide or dry ice, they become too heavy to remain suspended in air for long and finally melt down in form of rain.

"Cloud Seeding Technology Market: Global Demand Analysis & Opportunity Outlook 2021"

The global cloud seeding technology market is segmented by mode of seeding such as aerial cloud seeding equipment and ground-based cloud seeding equipment. Among these segments, aerial cloud seeding equipment segment is expected to witness significant growth over the forecast period. Aerial cloud seeding equipment includes flare racks and drones. The rise of the aerial cloud seeding equipment segment is backed by continuous introduction of advanced drones which are being adopted as a perfect solution for cloud seeding. Further, development of unmanned cloud seeding technologies is predicted to drive the growth of this segment over the forecast period.

Global cloud seeding technology market is likely to grow at a considerable CAGR over the forecast period. Moreover, the global cloud seeding technology market is expected to reach at notable revenue by the end of 2024. Rainfall is a very essential source of clean water for plants and animals. Further, decline in rainfall rate across the globe due to global warming and pollution is increasing the threat of draught conditions globally. Moreover, the adoption of cloud seeding technology is anticipated to increase in near future due to its advantages such as weather regulation and curb pollution.

Asia-Pacific cloud seeding technology market is envisioned to grow at maximum pace over the forecast period. ***Agriculture*** sector is the major consumer of overall Asia water consumption and more than 2.2 Billion people in Asia are dependent on ***agriculture***. higher dependency of ***agriculture*** on monsoon and rising demand of water owing to rapidly expanding population in countries such as India and China. In addition to this, China ***produced*** 56 billion tons of artificial rain in 2013 and ***planned*** to increase the volume to 281 billion tons in coming future.

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Increasing Threat for Water Scarcity

Global warming and increasing pollution are key reasons which are responsible for decline in precipitation rate. Further, reducing irrigated land across the globe due to water shortage is a key factor which is fuelling the need of cloud seeding technologies. Countries such as Libya, Western Sahara, Yemen, Djibouti and Jordan are facing extreme water shortage condition. Further, rising need to reduce threat of water shortage is anticipated to bolster the growth of global cloud seeding technology market in upcoming years.

Favourable Government ***Programmes***

Governments of countries which are highly depended on ***agriculture*** are adopting cloud seeding technologies in order to increase the rainfall. Further, rainfall water is a major source for crop irrigation and increasing need to increase the ***agricultural*** production is expected to foster the growth of the market in near future.

However, high cost of usage and chances of cloud pollution are some of the factors that are likely to hinder the growth of the cloud seeding technology market in the near future.

The report titled "Cloud Seeding Technology Market : Global Demand Analysis & Opportunity Outlook 2021" delivers detailed overview of the global cloud seeding technology market in terms of market segmentation by mode of seeding and by region.

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Further, for the in-depth analysis, the report encompasses the industry growth drivers, restraints, supply and demand risk, market attractiveness, BPS analysis and Porter's five force model.

This report also provides the existing competitive scenario of some of the key players of the global cloud seeding technology market which includes company profiling of Ice crystal engineering LLC.., RHS Consulting, Agni Aviation, IPTN North America Inc., Weather Modification, Inc. and IPTN NORTH AMERICA INC. The profiling enfolds key information of the companies which encompasses business overview, products and services, key financials and recent news and developments. On the whole, the report depicts detailed overview of the global cloud seeding technology market that will help industry consultants, equipment manufacturers, existing players searching for expansion opportunities, new players searching possibilities and other stakeholders to align their market centric strategies according to the ongoing and expected trends in the future.

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[***Washington: EXECUTIVE CALENDAR (Senate - April 11, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S3C-2VY1-F0YC-N41B-00000-00&context=1516831)

Impact News Service

April 12, 2018 Thursday

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**Length:** 11995 words

**Body**

Washington: The Library of Congress, The Government  of USA has issued the following house proceeding:

 EXECUTIVE CALENDAR The PRESIDING OFFICER. The clerk will report the nomination. The senior assistant legislative clerk read the nomination of Patrick Pizzella, of Virginia, to be Deputy Secretary of Labor. The PRESIDING OFFICER. The Senator from Wyoming. Nomination of Mike Pompeo Mr. BARRASSO. Mr. President, I come to the floor as we, as Americans, continue to see the regular reminders that the world is a very dangerous place.

The horrendous reports out of Syria over the weekend show us there are leaders in the world who will test the rules that define civilized nations. They will exploit any crack that they see in our resolve. President Trump has consistently responded to these kinds of challenges by showing that he is resolute and that he is unshakable. He has a foreign policy that always puts America first. To continue to do this, the President needs to have a full national security team on the job and working for America. The Secretary of State is a very important part of that team. Tomorrow, the Foreign Relations Committee is scheduled to have a hearing on Mike Pompeo's nomination to do this very important job. Mike Pompeo understands that if we want safety and security at home, we need a world that is peaceful and stable. I expect he is going to talk about all of these things at the confirmation hearing, and I look forward to his testimony. We have all heard about Mike Pompeo's impressive qualifications for the job to which he has been nominated--first in his class at West Point; Harvard Law School; a Member of Congress; and the Director of the Central Intelligence Agency. He has the integrity, and he has the experience to serve as America's Secretary of State. As a former Member of Congress, he certainly understands how policy decisions get made and the key importance of congressional oversight. As head of the CIA, he clearly understands the crucial role that the intelligence community plays in preserving America's national security. As a soldier, he understands the consequences of decisions that get made in Washington, DC. I have traveled with Mike Pompeo to meet with world leaders and to attend national security conferences. He knows the issues, and he knows the people. He is the right person for this job. I met with him just last month after he was nominated. We talked about some of the specific issues going on around the world and how they affect our Nation's national security. It was a very good conversation, and I am extremely confident that he is the right person for this job. I expect many more people will come away from these hearings tomorrow with great confidence in Mike Pompeo. He will be an excellent representative for our Nation, and he will be a strong hand to implement President Trump's foreign policy. So I look forward to voting on this nomination as soon as possible after the hearings. It was just a little over a year ago that he was confirmed by a very large, bipartisan majority for his current job as the CIA Director. It was right here on this Senate floor where that confirmation occurred. Fifteen Senators from the other side of the aisle agreed that Mike Pompeo was the right choice for that position. As the nominee for the job he now holds, he drew bipartisan praise for his qualifications. Two Democratic Senators actually came to the floor and spoke in favor of his nomination--Senators Feinstein and Warner. They are the current vice chair of the Intelligence Committee and the former chair of the Intelligence Committee. Since that time, Mike Pompeo has done an excellent job at the CIA. Even Hillary Clinton has come out and praised his time in heading that Agency. I expect that this can be a short process to confirm him in the new job for which he has been nominated, that of Secretary of State. There is certainly no good reason for Democrats to slow things down or to attempt to slow things down. We need to restore America to a position we once held as the most powerful and respected Nation on the face of the Earth. For 8 years, the previous administration had us going in the wrong direction. The Obama administration followed a policy that it called ***strategic*** patience. That meant watching while the Assad regime in Syria crossed one redline after another. Then the redline became a green light. The result is that Syria continues to use chemical weapons today in attacking its own people. ***Strategic*** patience did not work. The Obama administration's policy also meant that North Korea was allowed to get away with too much for far too long. North Korea continued to test nuclear weapons, continued to test missiles, and continued to use hostages as a way of getting what it wanted from other countries. ***Strategic*** patience did not work with North Korea. The Trump administration has said very clearly that the era of ***strategic*** patience is over. The leaders of these countries need to understand that their belligerence will not succeed. They need to get the clear message that America has a new foreign policy. It is a policy to secure America's national interests and demonstrate America's leadership around the world. Part of this leadership is to stand up to show that there is a limit to the patience of the civilized countries of the world. The previous administration too often placed international opinion ahead of what was actually best for America. That only made the world a more dangerous place. The Trump administration has begun to get us back on the right track, and Mike Pompeo will ensure that we stay on the right track. When it comes to issues like the upcoming discussions with North Korea, Mike Pompeo understands the risks of dealing with these kinds of aggressive adversaries. He also understands the opportunities that we now have because of President Trump's forceful stand for American interests. Democrats should commit to allowing this nomination to move as quickly as possible. We will have a hearing tomorrow. We need to have a thorough discussion about what is happening around the world, and then we need to vote. Let's not have any more of the deliberate delays that we have been seeing by the Democrats in this body--no more pointless and partisan obstruction. America's adversaries around the world are watching closely--in Russia, in Syria, in North Korea, in Iran, and in other places. It is time for us to show that we are serious about maintaining a strong foreign policy that [[Page S2060]] puts America first. President Trump is doing his part. Mike Pompeo is ready to do his part in his job. It is now time for the Senate to do our job. Thank you. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. BROWN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. 50th Anniversary of the Fair Housing Act Mr. BROWN. Mr. President, 50 years ago today, Congress enacted the Fair Housing Act, exactly 1 week after the assassination of Martin Luther King as he fought for economic justice for sanitation workers in Memphis. It also came just weeks after the Kerner Commission issued its report on the origins of urban unrest in the 1960s. This report contained the now famous warning that ``our nation is moving toward two societies, one black, one white--separate and unequal.'' In the wake of these events, the Fair Housing Act made discrimination in the sale, rental, and financing of housing illegal for the first time. For generations, redlining, restrictive covenants, and outright discrimination kept families of color locked out of entire neighborhoods, often far from where jobs were, and they created segregated communities that linger to this day. They denied these families the opportunity to build wealth through home ownership. Many of these exclusionary practices were carried out by private entities and local governments. But as Richard Rothstein reminds us in his new book, ``The Color of Law''--and I recommend to everybody listening that they read that book--Federal policies also played a significant role in reinforcing segregation. From 1934 through 1962--30 years, three decades--98 percent of all FHA mortgages went to White homeowners. In a country that in those days was about 10 percent African American, 98 percent of mortgages went to White homeowners. The Fair Housing Act made this despicable discrimination illegal. It required that Federal housing and urban development grants be administered in a way that would ``affirmatively further'' fair housing--not in a reactive way but in a way that would affirmatively further fair housing. State and local governments and public housing authorities were required to use their Federal funds in ways that would reverse, rather than accelerate or reinforce, segregation in their communities. April 11, 1968, however, was not the end of our work to ensure fair housing and equal opportunities. Fifty years later, we haven't had the progress we should have had, and so much more needs to be done. A new report this year from the Center for Investigative Reporting analyzed tens of millions of mortgage records and found that all across the country people of color are far more likely--even holding constant for economic situations--to be turned down for a loan, taking into account factors like their income and the size of the loan. We know that the 2008 housing crisis hit communities of color particularly hard. In the run-up to the crisis, faulty mortgages were targeted to people of color. Even those who qualified for a no-frills, no-surprises prime mortgage were often instead steered into a subprime, much riskier loan. Even African-American and Hispanic borrowers with higher incomes than other borrowers found themselves in risky, subprime, designed-to-fail products. These practices of discrimination stripped a generation's worth of equity from communities that had fought hard for equal access to home ownership. I know in my community in Cleveland, on the southeast side of Cleveland in the Broadway, Harvard area of that community, so much wealth has been lost. As people finally began to gain in home ownership and in wealth accumulation, what happened in 2006, 2007, 2008, 2009, 2010, and 2011 devastated these communities. As a number of my colleagues have heard me say, in my ZIP Code of 44105, in Cleveland, OH, in the first half of 2007, there were more foreclosures than any ZIP Code in the United States of America. The household wealth of communities of color still hasn't recovered. My neighborhood hasn't, my community hasn't, and my State hasn't. Middle-class Black and Hispanic families lost half their wealth from 2007 to 2013--half their wealth. Middle-income Black household wealth was $63,000 in 2007. A decade later, it was $38,000. The numbers are similar for Hispanic households--$85,000 down to $46,000. Borrowers with these higher cost loans were foreclosed on at about triple the rate of borrowers with standard, 30-year, fixed-rate mortgages. Over a recent 8-year period, 9.3 million homeowners lost their homes through foreclosure, distress sales, or surrendering their home to the lender. After the crisis, we took steps to fight this discrimination. We created the Consumer Financial Protection Bureau to look after bank customers and to help root out discrimination. We required lenders to report more detailed data so that we can more easily spot modern-day redlining. In 2015, HUD also issued the affirmatively furthering fair housing rule. This rule would have given clearer guidelines to communities to help them assess their own fair housing needs and provided them with the data they needed to inform their decisions. It would have allowed them to set their own goals and timelines. Some of the questions communities would ask during these assessments would demand they think in new ways about how to create housing and economic opportunities for all of their residents--no matter their color, no matter family size, no matter their disability if they have one. These are the types of questions this body told the country to ask when it enacted the fair housing bill five decades ago. But instead of recommitting ourselves to the promise we made 50 years ago, too many Washington politicians are trying to take us backward. Earlier this year, HUD suspended implementing the affirmatively furthering fair housing rule. That will not reverse the requirements of the Fair Housing Act. Instead, it hurts communities, which will once again be left to comply with the law without the technical assistance they need. Remember that new data that banks were going to report to make it easier to spot lenders who discriminate? The bill the Senate passed last month right here would exempt 85 percent of banks from reporting the data they are collecting and reporting today. So we are not even going to know what happened. This body has scaled back the amount of data we are trying to gather to stop discrimination. Without it, we can't monitor trends in mortgage lending. It will be harder to see who has access to affordable mortgage credit and, importantly, who does not have access. HUD is even thinking about changing its mission statement in ways that diminish the importance of combating housing discrimination. The administration's actions over the past year make it clear they are already wavering in that commitment. For example, in 2017, HUD withdrew guidance requiring equal access for transgender people in homeless shelters. Let's pick on them even more. According to a report in the New York Times, Dr. Carson's HUD has suspended several anti- discrimination investigations, including an investigation of discriminatory housing advertisements on Facebook. The administration proposed a 14-percent cut to the HUD budget, including affordable housing and community development ***programs*** aimed at creating housing and opportunity for low-income communities. We know that one-fourth of renters in this country spend at least 50 percent of their income on housing. If one thing goes wrong in their lives, they are evicted or they lose their homes. One-fourth of people in this country who rent are paying at least half their income in housing costs. In Cuyahoga County, the second most populous county in Ohio, one-fourth of all family units, one-fourth of all residents, homeowners or renters, spend one-half of their income on housing, so it is not just renters, but it is often homeowners too. We are deciding in this body because the President wants to--the far right in this body wants to cut spending on housing even more. We have enough money to do a huge tax cut for the [[Page S2061]] richest people in the country. The richest 1 percent will get 81 percent of that tax cut. I was talking to an accountant the other day in Elyria, OH. It is tax season, of course, and he is busy. He said: When people come and see me, they ask inevitably when I am doing their taxes ``Well, how does this tax bill affect me?'' He asks: Are you a billionaire? They laugh and say: Of course not. He then says: Well, only if you are a billionaire will it affect you, and then you will save millions of dollars on your taxes. That is a bit of an exaggeration, but that is what that tax bill is all about. So if you are a billionaire, if you are a decamillionaire, if you made a million dollars last year, you are going to save a whole lot on your taxes this year. But if you are living in working-class housing, if you can't afford much more than the very basic kind of housing or even worse than that, you are going to see your budget cut. You are going to see fewer vouchers. You are going to see less funding for housing. What kind of government is this, this mean-spiritedness? There are more tax cuts for the richest in this country, but let's stick it to people who are barely making it. These are people who make $10 to $12 an hour. They make $10 to $12 an hour, and we are going to cut their Medicaid. They are making $10 to $12 an hour, and we are going to scale back their SNAP benefits. They are making $10 to $12 an hour, and we are going to undermine their housing subsidies. What is all of that about in this new government that we are living in now? The last thing we ought to do at a time when a quarter of all renter households--400,000 families in my State of almost 12 million, 400,000 families pay half of their income in housing costs. Again, if one thing goes wrong, if their car breaks down going to work, could they come up with $500 to fix their car? Probably not. Then what happens? Then they are evicted, and then everything goes upside down because they can't pay their rent, so they get evicted. The kid has to go to a new school district. They lose most of the things they have. They have to find a place to live. They probably don't have the money for the downpayment that a landlord charges. A few years ago, I hosted a discussion with some of my colleagues and invited Matthew Desmond, the author of the book ``Evicted.'' In the front of the book, he scribbled the phrase ``Home = Life.'' If you don't have decent housing, it is pretty hard to put a stable life together for you and your family. One of the things he said in that book is that when you get your paycheck every 2 weeks or once a month, the rent eats first. You have to pay your rent. If you can't afford to pay your rent or you can barely afford to pay your rent, you can't do much else. That simple statement captures so much--a safe, stable home is the foundation for opportunities. This government is going to give tax cuts to the richest people in the country, and we are pulling the rug out from under people who are working every bit as hard as we do in this body--and many of them work harder than we do--just trying to get along on $8 or $10 or $12 an hour. We are denying people the opportunity of living in a safe, stable home. That is why we must redouble our commitment to fair housing. That is why we must take real, proactive steps. My colleagues and I have legislation, the Fair and Equal Housing Act of 2017, that would add gender identity and sexual orientation to those protected from discrimination under the Fair Housing Act. Rather than take us backward, we must take these sorts of actions to give more Americans the opportunity to have a safe, stable home and to build wealth through home ownership. We must constantly work toward Dr. King's vision--killed 50 years ago this month--of equality and equal opportunity for all. I yield the floor. The PRESIDING OFFICER. The Senator from West Virginia. Nomination of Andrew Wheeler Mrs. CAPITO. Mr. President, I appreciate the opportunity to speak today about the nomination of Andrew Wheeler to be the Deputy Administrator of the EPA--an extremely important position. Mr. Wheeler's expertise and experience make him extraordinarily qualified to become the Deputy Administrator. I am a little biased when it comes to Mr. Wheeler because he has great family roots in the State of West Virginia, which, to me, is a good recommendation in and of itself. I think his wealth of knowledge over the years working on environmental policy in the public and in the private sectors is just incredible. His knowledge and experience will be a tremendous asset to the Agency and to the American people. He understands--watching policy being made and helping policy being made himself but also then transitioning to the private sector and watching how that policy then influences the private sector as well. He has had an active hand in significant environmental--energy--and infrastructure policy achievements and debates and probably some of the failures that we have had, as well as the confirmation of numerous Presidential nominees. So Andrew will have a head start. He will hit the ground running, and that is what we need at the EPA. Andrew was also tasked with coordinating and working with the various agencies within the committee's jurisdiction. Most importantly, he has been and was tasked with this, so he worked with other agencies while he was a staffer. Beginning in 2009, Mr. Wheeler went into the private sector, continuing his work in environmental and energy policy. Throughout his career, he has worked with individuals and stakeholders who run the political gamut, and he has left a very positive impression on them. During his confirmation hearing in our EPW Committee, he was very forthright in his answers, very willing to look deeper into certain areas, and very willing to not express an opinion if he didn't really know or was unsure of some of the details. Actually, I think he exhibited a real curiosity as to how he could make the EPA run smoother and better and be more reflective of what the President and we here in the Senate and people across this country see as a vision for the EPA. I have also been impressed by the number of individuals who know Mr. Wheeler and who have come forward and spoken about his expertise and his willingness to collaborate on issues all across the country. He has had an active role in my State of West Virginia, which is a high energy-***producing*** State. I urge my colleagues to vote to confirm Mr. Wheeler. They will have no regret. I look forward to working with him at the EPA on issues that are important to my State of West Virginia and across the country. I yield back. The PRESIDING OFFICER. The Senator from Missouri. Tax Reform and Government Regulations Mr. BLUNT. Mr. President, over the last couple of weeks, many of us have had an opportunity to spend more time at home than we do just going back and forth a few days a week. While I was there, I had the opportunity to talk to small business owners, employees--people who are seeing their paychecks for the first time reflecting what we have done with the tax bill. Both in my hometown of Springfield, MO, and around our State, I also heard a level of optimism that was very encouraging. One of the people I talked to was on the national board of manufacturers. A recent poll of the manufacturers looking at their confidence level reflected that it was the highest it has ever been in all of the time they have been polling on how they see the future. Mr. President, where you and I live, in an economy that makes things and grows things, we always do better. We are a productive part of the country. We don't do quite as well in an advice economy, but we are not opposed to an advice-giving economy. We have people who give advice. But, frankly, if you put that on top of truly productive capacity and a marketplace that meets that capacity, we always do very well. As I talked to people, I heard consistently two reasons that people feel their optimism is justified and understandably growing. One reason is the Tax Cuts and Jobs Act. No matter what was said about the Tax Cuts and Jobs Act, people who were told it wouldn't help them are finding out, when they get their first paychecks, that it is helping them. People who were told that the [[Page S2062]] investment opportunities that would encourage them to grow their small businesses wouldn't be there for them are finding out that they are there for them, and they see those things coming. The economy is generally seeing money stay where we live that otherwise would have gone to Washington, DC. Forty-three different entities have come to our offices with ideas about what they are doing. The 53,000 State employees in our State--the payroll deduction would indicate that this year, $32\1/2\ million from just that group of employees that was sent to Washington, DC, last year--it will stay in Missouri this year. I mentioned on the floor not too long ago that one of our counties had reported that their county payroll--that the average county employee would take home $1,800 more this year, with the same paycheck to start with. That is beyond what they would have taken home last year. For all of those county employees put together, in Boone County, MO, it would mean that $946,000 will stay in Boone County that previously would have gone to Washington, DC. That makes a difference in the economy of the county because there are a lot of other people beyond those 485 employees who see the same kinds of things happening to them, but it really makes a difference for families. That take-home pay difference that some people here in the Senate and other places in this building would suggest won't matter to families--it turns out it matters a lot. And I will say again that it particularly matters a lot if you don't have it. If you have all kinds of money, it is easy to say: Well, $200 a month--what difference does that make? Let me assure you, it makes a difference if you don't have it. Lots of families and individuals are beginning to see the ability to do more things with their own money. The second thing I consistently heard about was just the difference in the regulation atmosphere. Earlier this week, a dozen Federal agencies came together in an effort to improve the environmental review process to allow infrastructure projects to go on more quickly--not only to diminish the time it takes to get a project started but also to be able to, with more certainty, go out and start the process of bidding and acquiring and the things you need to do to make that happen. There were a dozen Federal agencies working together with a common purpose, asking: What can we do to make this system work better? We have had up to 29 statutes and 5 Executive orders that resulted in a number of different decisions under Federal law that allow those projects to move forward more quickly. We had a discussion in the Commerce Committee this morning with one of the nominees for the Surface Transportation Board who had been instrumental in helping put together a more streamlined way to get things done if, for instance, you were putting something back exactly where it had been. It makes sense to everybody in America that if you are building a bridge where there was a bridge, it should take less of an environmental impact study than if you are building a bridge where there has never been a bridge before. But until right now, those two things were not treated in a significantly different way; they were treated in the same way. Now, because of legislation that we passed and the President signed, they will be treated in a different way, as they should have been. Location is a great advantage to our whole country. Again, in the middle of the country, where I live, I have seen--I think it may be our greatest competitive advantage--access not only to the national marketplace but to the world marketplace. Generally, we have the same things in America. Things that allow us to put infrastructure in place more readily and make it more affordable to get it done in a quicker way are all good things. This week, one of the nominees we will be voting on is the Deputy Administrator for the Environmental Protection Agency. Over the last decade, based on theirs own estimate, the Environmental Protection Agency imposed somewhere between $43 and $51 billion in regulatory costs annually. You have to be an incredibly strong economy to absorb another $50 billion in regulatory costs from one agency. And that is their estimate; you could get other estimates that say: Oh, no, it is going to be a lot more costly than that. These are the costs they are willing to admit to. The current administration has turned the page. I hope that the new Deputy Administrator becomes an active part of that. I think the EPA has been on the forefront of really looking at the kinds of things that are holding back the economy and trying to do things that make sense. The EPA Administrator, Administrator Pruitt, quickly got on the job of dismantling two of the most costly and burdensome regulations that may have ever been proposed by any Federal agency. One is the waters of the United States, where the EPA decided that virtually all of the water in the country was somehow related to navigable water. Some of it might eventually run into navigable water, but the law says that the EPA has the authority to regulate navigable water. The EPA said: Oh, no, that means any water that could ever run into any water that could ever run into any water that could ever run into navigable water. In our State, that meant that 99.7 percent of the State would have been under the EPA authority, if they wanted to exercise it, for things that would have slowed down the economy, made it harder to resurface your driveway or dig a utility pole or put fertilizer on your field or get a building permit. It was a ridiculous proposal, and Administrator Pruitt and the EPA understood that it is ridiculous--just as, by the way, the courts did. The reason this had not gone into effect yet is largely because the courts basically said to the EPA, in many instances: You don't have the authority to do that. This change was made because the EPA realized that they didn't have the authority. Frankly, if they did have the authority, it would have been a bad idea. There was a power ***plan*** that would have been so excessive that, in the State where I live, the utility bill would have doubled in about 10 or 12 years--a power ***plan*** that would have added up to $39 billion in compliance costs, every single penny of which would have been passed along in your utility bill and mine, all of it added to the utility bill in ways that just, frankly, didn't make sense. The EPA has moved away from that but not away from the idea of regulation or environmental control. In fact, Administrator Pruitt came to the Thomas Hill Energy Center in our State in April of last year to hear directly from workers, from the electric co-op members that provide electricity to many of our rural residents, and from ag leaders about the impact of that. He listened to that and went back--I am sure he did that in other places--and withdrew that rule but at the same time proposed a solution for West Lake Landfill, which has been on the critical ``we need to take care of this'' list for 30 years. The job of the EPA is not to strangle the economy. The job of the EPA is to make the environment more protected by doing the things that the EPA was designed to do. I think that is what they have been doing-- looking at the rules that don't make sense, trying to be sure that we don't do things at the Federal level that cost people their jobs, their livelihood, and their opportunities for no reason at all. I had a meeting this week--it was Friday a week ago--at the Missouri State University, where the head of the Missouri Department of ***Agriculture***, Chris Chinn, and the Missouri Farm Bureau president, Blake Hurst, and I answered questions for about 45 minutes from a crowd there to talk about ***agriculture*** and the future of ***agriculture***. Not a single question was asked about the farm bill. The questions were basically about trade, rural broadband, and regulation. I think you could go to lots of other places and say: What do you want to talk about that you are most concerned about with the Federal Government, and two or three of those topics would come up again. Last year the Senate used the Congressional Review Act to block 15 new major rules that had come up late in the previous administration. That act had been used exactly one time since it was put into law, in 1995 or 1996. It had been used exactly one time during the entire life of the law until we were able to look at it and use it 15 times last year to eliminate rules that would [[Page S2063]] have cost our economy $36 billion in compliance costs. They were not rules that we had before. In the case of the last administration, the country had gone along without these rules even being proposed for 7\1/ 2\ years but, suddenly, on the way out the door, there were all these new things that would have held the economy back in a way that, frankly, nobody would want to have to do if they were still there to take responsibility for it. So we are looking at what we can do in regulation, looking at what we can do in transportation, looking at what we can do to make us more competitive and allow things to happen so the taxpayers have the benefit of a process that works for them instead of a process that works with them. Rolling back unnecessary redtape isn't just important for infrastructure. It isn't just important for individuals. It is also important for strengthening our economy. I think we are seeing that happen. These people who are willing to serve, like some of the individuals we will be voting on this week, are people who are willing to give of themselves and their time, their effort, and their energy to work for the citizens of our country. We should be grateful to them, but we should also be sure that we are watching carefully to be sure that they continue to do the kinds of things that create opportunity and competition. With that, I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER (Mr. Cotton). The clerk will call the roll. The bill clerk proceeded to call the roll. (Mr. TOOMEY assumed the Chair.) Mr. TOOMEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mr. Gardner). Without objection, it is so ordered. Tax Reform Mr. TOOMEY. Mr. President, it was about 2 weeks ago that I had the opportunity to tour a steel plant in Redding, PA. The plant is owned by Carpenter Technology. It is a company that was founded in 1889. It is quite extraordinary. It is a vast complex in Redding, PA. They have 2,000 employees in Berks County, which is where Redding is located, and they have an additional 1,200 or so folks throughout other parts of Pennsylvania. Carpenter Technology is a leading ***producer*** and distributor of specialty metals, including what they call soft magnetics. As I understand it, soft magnetics increase the efficiency and the power and the battery life of electric motors. That is one of the main applications of these soft magnetics. It is a feature in steel and other metals that allows the magnetic properties to be turned on and off very rapidly. It is an amazing technology. It is an absolutely essential component for all kinds of products, including aircrafts, electric cars, even medical devices. It is quite a range of products. One of the things I learned, of the many things I learned while I was at Carpenter Technology, is that tax reform is working for Carpenter Technology. While I was there, the CEO announced a $100 million investment, right there in Redding, Berks County, PA, to upgrade their capabilities and their capacity to ***produce*** these soft magnetics. To be more precise, they are buying an entire new hot rolling steel mill in Redding, PA. It is a $100 million investment in a new mill that will allow them to expand their output and meet increasing demand for this really fascinating product that they make. One of the things the leadership of Carpenter Technology made abundantly clear in their press release and in their public statements was that they were able to purchase this mill and make this $100 million investment in their company now because of the tax reform we passed. This is exactly the type of capital investment we envisioned when we passed the tax reform bill. It was exactly for this kind of economic activity and expansion that we wanted to lower the cost of deploying this capital and expanding business and generate the economic growth and prosperity that comes with this. By the way, Carpenter Technology is not an outlier. This kind of investment is consistent with the sentiment we are seeing all across the country. Just at the end of the first quarter--the quarter that just ended-- there was a large survey of American chief financial officers--CFOs-- across the country. It was carried out by Deloitte LLP. It was exploring the question of growth expectations for capital expenditure. The fact is, their conclusion is that these CFOs anticipate greater growth and more hiring. In fact, the sentiment is at a multiyear high. Why is that? Here is what Deloitte had to say about it: Clearly, there's a high desire for investment in the U.S , and that is coming from just the structure of tax reform. [CFOs] are expecting higher domestic wages, almost 40 percent are anticipating and ***planning*** for higher and front-loaded capital investments, and about a third higher research and development. What they've said is because of tax reform they're going to take those actions. It is very straightforward. It is very clear. So here we are, just 3\1/2\ months since passage, and the tax bill has already and continues to benefit workers and businesses, and, boy, these are not the crumbs some of our friends on the other side of the aisle have tried to suggest they are. There are over 500 businesses that we know of--businesses that are sufficiently high profile that we have read about and we can track their announcements. These 500-plus businesses employ over 4 million workers. Over 4 million workers across America have already received bonuses, wage increases, enhanced benefits, and increased contributions to their pension ***plans***. It has already happened, and it is attributable entirely to the tax reform. So the benefits from this tax reform are clearly already flowing to the very workers we intended to benefit from it. So my friends on the other side have had some struggles in thinking about how they can disparage this tax reform. They have come to realize that calling $1,000 bonuses and multi-thousand-dollar pay raises crumbs is probably not such a good idea. So they have shifted the argument to be a kind of class warfare argument. I hear two varieties of this most frequently. One is this idea that, well, the benefits all flow to the rich. The second is this idea that, well, these are greedy corporations that get this tax savings, and they just use the money to buy stock back. Let's unpack this a little bit. What about this argument that it all flows to the rich? Well, there is one problem with that argument. That problem is it is not true; it is not true at all because when we did this tax reform, we did it in a way that makes the Tax Code more progressive. What does that mean? That means that upper income Americans--the wealthiest Americans--have an increased percentage of the total tax burden. So while everybody gets a savings in percentage terms, the savings disproportionately go to lower and middle-income workers and a disproportionately small amount of the savings go to upper income workers. So when the dust clears, the net effect is wealthier people are paying a larger percentage of the total tax bill than they paid beforehand. So, clearly, the benefits of this tax reform are flowing to everyone and disproportionately to low- and middle-income people. What about this idea that stock buybacks are such a terrible thing? There have been some stock buybacks. What does that mean? That means companies have taken the additional pretax cash flow they have, and they have decided in some cases that they will take a portion of it and return it to the owners of the company. It just so happens that about 40 percent of the owners of the public companies in America are the people who have saved in their retirement ***plans***--401(k) ***plans***, IRA savings accounts, 529 ***plans***, defined benefit pension ***plans***. These are middle-income Americans whose savings are invested in the stocks of companies. In some cases, yes, there have been stock buybacks. That means these savers have had cash introduced into their accounts, which then can be deployed by the managers of these accounts into new investments, which is what happens for anyone who is selling their stock in response to a buyback. They get cash. What do they do with that cash? They get the chance to reassess where they invest their money, making new [[Page S2064]] investments, making different investments, reallocating capital, and shifting capital to where there is the greatest demand for it. This is exactly the way a free enterprise system should work. This is exactly the mechanism that allows capital to flow to its highest use and helps to encourage still more economic growth. Better still, this is just the beginning. We are only 3\1/2\ months into this. We haven't yet even begun to reap the benefits--as a country, as a society--of this reformed Tax Code. Businesses are already responding to the incentives, and with the lower after-tax cost of capital we have created, we are seeing increased investment. Whether it is a tractor or a new factory or a piece of machinery or a steel mill in Redding, PA, that investment invariably requires workers to ***produce*** that investment, so there is greater job security and more opportunities for those workers. But then the company that actually deploys that investment, such as Carpenter Technology in the case I just mentioned--their workers become more productive; their workers have new tools that allow them to command higher wages and a better standard of living. That is what is happening, and that is going to continue to develop as companies are just now beginning to have the opportunity to deploy that capital only 3\1/2\ months into this new tax regime. I am just delighted that every week that goes by, I learn about more Pennsylvania workers and more American workers who are working for businesses that are benefiting and enhancing their investments. It is a really good-news story. Now I will shift a little bit to the CBO report that came out earlier this week, which said a few things worth noting. One should be on all of our radars, and that is the fiscal challenge we face. We have too much debt, and that number is growing too rapidly. This fiscal year, the gross amount of Federal debt is $21 trillion. By the end of this 10-year window, CBO contemplates that number will go up to $33 trillion. This is a huge problem. But I think it is important that we stress where this problem comes from. This is a spending problem; this is not a revenue problem, and we can see this in CBO numbers. In June of last year, almost a year ago, CBO projected that over the 10-year window they were considering at the time, we would have $43 trillion of tax revenues flowing into the Federal Government, with $53 trillion of spending--a net deficit over that period of $10 trillion. One year later, CBO has updated its projections, and now it is calling for $44 trillion in revenue over the current 10-year window. So there will be $1 trillion more in revenue, but $56 trillion in spending--$3 trillion more in spending. So we go from a 10-year window that looks as though the CBO is projecting a $10 trillion deficit to a $12 trillion deficit. Clearly the deficit is growing, and clearly it is driven by the increase in spending. The bottom line is, whether it is $10 trillion or $12 trillion, this deficit is way too big. But tax reform is going to enhance the revenue collected by the Federal Government by helping us create a larger economy to tax. The spending is our fault. That is something we have to get under control. CBO has observed a couple of other things. They talk about our tax reform, and they talk about terrific things. They say in the report that the tax reform results in ``higher levels of investment, employment, and GDP.'' We can see dramatically different projections of economic growth post-tax reform, according to the CBO, than we had pre- tax reform, according to the CBO. In January of 2017, they projected that this year the economy would grow 2 percent. But after tax reform passed, they reassessed this year. They took the projection of 2 percent for this year, and they said that now it will grow 3 percent based on tax reform. That is a 50-percent increase in the growth of our economy. That is huge. For next year, 2019, they were projecting 1.7 percent growth. Now, post-tax reform, they are estimating 2.9 percent growth--1.2 percentage points--again, an almost 50-percent increase. These are huge increases, and they explain it. They say: ``The largest effects on GDP over the decade stem from the tax act . . . boost[ing] the level of real GDP by an average of 0.7 percent . . . over the 2018-2028 period.'' The fact is, this tax bill is already working. It is making the structural changes in the Tax Code that create a greater incentive for businesses to invest. It is making American companies and American workers more competitive than we have been in a very, very long time. It is going to increase the capital stock, the invested assets in our businesses that allow our workers to become more productive, and it is going to continue to allow those more productive workers to earn higher wages. Let's be honest. No one can prove with certainty what the future holds, so it is worth looking at what is happening in the present. As a result of our tax reform, what is happening today, what is happening in the present is this: Millions of Americans have been receiving bonuses; millions of Americans have been receiving pay raises; millions of Americans have seen increases in their pension contributions; millions of Americans have seen an increase in the value of their pensions; and millions of Americans--like the workers at Carpenter Technology--have seen greater job security and greater opportunity as their employers are investing in their companies, and that is already beneficial for all of us. I yield the floor. The PRESIDING OFFICER. The Senator from South Dakota. Mr. THUNE. Mr. President, as my colleague from Pennsylvania has pointed out, the recently passed tax bill is already having a profound impact on the economy, and, as the Congressional Budget Office report points out, over the course of the next decade, it will significantly increase economic growth in the economy and increase the number of jobs. It said that over 1 million jobs would be created as a result of the passage of the tax bill. To his point, as well, they talk about deficits and debt projected out into the future, which clearly are major issues but, again, I would point out, are a result of the rate of growth in spending and not of the impact of the revenues generated by lowering taxes because when you get greater growth in the economy, it means that more people are taking realizations and more people are paying taxes. The Congressional Budget Office, as a rule of thumb, suggests that for each percentage--a 1- percent increase in growth of the economy--you get about $3 trillion in additional revenue over the course of a decade. If we assume, and I believe we will--even the CBO, which I think is very conservative in terms of growth estimates, suggests that there is higher growth attributable largely to the changes we made in the Tax Code, reducing taxes on families in this country and reducing taxes on our small businesses, which incentivize them to expand and grow their operations and, therefore, create better paying jobs and higher wages, but also will generate more revenue coming in to the Federal coffers. Clearly, the issue that we have in terms of the debt picture in the long term is not about revenue; it is about spending, which is growing dramatically over that next decade, particularly in what we refer to as mandatory spending or entitlement ***programs***. This cries out, I would argue, for reforms in entitlement ***programs***. But to say that somehow tax reform is contributing to that is a far cry from the truth, and I think the Congressional Budget Office numbers bear that out. Again, I would argue that in terms of what they suggest we are going to see in growth as a result of the changes we made in the Tax Code, I believe it is going to be dramatically understated. When it came time to draft tax reform, Republicans really had two goals in mind. First, we wanted to put more money in the pockets of hard-working Americans, and we wanted to do that right away. Second, we wanted to create the kind of economy that would give Americans access to economic security for the long term. Less than 4 months after we passed this bill, I am proud to report that the Tax Cuts and Jobs Act has already achieved the first goal and is well on its way to achieving the second. To put more money in Americans' pockets, we lowered tax rates across the board for American families, nearly doubled the standard deduction, and [[Page S2065]] increased the child tax credit to $2,000, doubling the amount that families can deduct per child in terms of the child tax credit. In February, that relief started to show up in Americans' paychecks. According to Treasury Department estimates, 90 percent of the American people are seeing bigger paychecks this year, thanks to the Tax Cuts and Jobs Act. And thanks to the IRS's new withholding calculator, families with children can adjust their withholding to take into account the individual tax relief provided in the new tax law, in particular, the increased child tax credit. That means even more in the paychecks of hard-working Americans without their having to wait until they file their 2018 tax returns next year. When it came to our second goal, we knew that the only way to give Americans access to real long-term economic security was to ensure they had access to good jobs, good wages, and real opportunities. We knew that the only way to guarantee access to good jobs, wages, and opportunities was to make sure businesses had the ability to create them. Before the Tax Cuts and Jobs Act, our Tax Code wasn't helping businesses to create jobs or to increase opportunities for workers. In fact, it was doing the exact opposite. Large and small businesses were weighed down by high tax rates and growth-killing tax provisions, and all the regulatory and compliance burdens that came along with them. Our outdated international tax rules left America's global businesses at a competitive disadvantage in the global economy. That had real consequences for American workers. A small business owner struggling to afford the annual tax bill for their business was highly unlikely to be able to hire a new worker or to raise wages. A larger business struggling to stay competitive in the global marketplace while paying substantially higher tax rates than its foreign competitors too often had limited funds to expand or increase its investment here in the United States. When it came time for tax reform, we set out to improve the playing field for American workers by improving the playing field for businesses as well. To accomplish that, we lowered tax rates across the board for owners of small and medium-sized businesses, farms, and ranches. We lowered our Nation's massive corporate tax rate, which until January 1, was the highest corporate tax rate in the developed world. We expanded business owners' ability to recover investments they make in their businesses, which will free up cash that they can reinvest in their operations and their workers. We brought the U.S international tax system into the 21st century by replacing our outdated worldwide system with a modernized territorial tax system so that American businesses are not operating at a disadvantage next to their foreign competitors. The goal in all of this was to free up businesses to increase investments in the U.S economy, hire new workers, and increase wages and benefits. I am happy to report that this is exactly what they are doing. Since tax reform became the law of the land, we have seen a steady drumbeat of businesses announcing good news for American workers. So far, more than 500 companies, and counting, have announced pay raises, bonuses, 401(k) match increases and other benefits, business expansions, and utility rate cuts: Starbucks, McDonald's, Jergens, McCormac & Company, Apple, Best Buy, Walmart, Bank of America, ExxonMobil, Hormel Foods, UPS, and American Express. And the list goes on and on. I don't need to tell anyone that Americans had a tough time during the last administration or that our economy had stagnated. But under Republican leadership, we are finally starting to see the economy turn around, and tax reform is playing a very big part. Unfortunately, Democrats seem unable to accept the fact that tax reform is benefiting middle-class Americans. In fact, Democrats recently introduced an infrastructure ***plan*** that they want to pay for by repealing features of the tax law that are ***producing*** so many new benefits for American workers. Republicans wanted Democrats to join us in the process of drafting tax reform. After all, a lot of the provisions in the final bill were the result of years of work by Republicans and Democrats. I was a part of that process. We had working groups that spent a good amount of time looking at every element and feature of the Tax Code--bipartisan groups of Republicans and Democrats, working together, making recommendations about things that we could do to reform our Tax Code in a way that would incentivize greater growth and expansion and better jobs and higher wages. Democrats had previously expressed their support for things that became key parts of the bill, like lowering our Nation's massive corporate tax rate. Unfortunately, instead of working with us, Democrats chose to play politics. Apparently, it was more important to them to attempt to score political points against Republicans than to work on a bill that they knew had the potential to help the American people. Almost 4 months after the bill's passage, they are still playing politics, despite the fact that in the face of the bill's success, their attempts to criticize it are sounding pretty desperate. Take their attempt to portray the bill's benefits for workers as ``crumbs.'' Let me tell you that a worker whose salary just increased by $3 an hour does not see that additional $500 a month as crumbs, especially when you combine it with the rest of the tax relief in the new tax law. A worker who gets an increased match in her 401(k) account will see her retirement savings increase significantly as a result of the Tax Cuts and Jobs Act, and she will not see that benefit as crumbs. It is too bad that Democrats can't accept the fact that the Tax Cuts and Jobs Act is working. At the very least, they should stop trying to undo the benefits that it is bringing to the American people. Over 500 companies across this country have announced increases in wages, increases in benefits, and bonuses--direct benefits to American workers, to the tune of over 5 million Americans who already have benefitted from this. That is the short-term impact that we have seen already. The American people spent long enough in a stagnant economy. It is time to get this economy jump-started and to see those wages and those good-paying jobs come back into this economy so that American families can benefit, can experience, and can enjoy a better standard of living, a higher quality of life, an opportunity to do more for their children, to help them with their college education, to set aside a little bit for retirement, and to take care of those day-to-day bills. Fifty percent of the American people, according to polls, say they are living paycheck to paycheck. One thing we can do to help them is to make that paycheck bigger and, hopefully, to put them in a position where they can put aside a little bit for retirement and where, maybe, they can help save up for their kids' college education, and maybe take a vacation with the family. There are so many ways in which the benefits of this bill are delivered to the American people and to American families and can help them in their daily lives. We shouldn't try and go back. We ought to try to go forward and recognize that the near-term benefits of this bill are very real to American workers. The long-term benefits are going to be, I think, even more beneficial to American workers, to American businesses, and to American families because not only now will they benefit from the lower tax rates that are delivered to the entire tax table, but they are also benefiting from the doubling of the standard deduction, the doubling of the child tax credit, and all the other benefits that are included in this bill. American businesses, small and large, are also seeing those benefits on a daily basis, so much so that they have already made these commitments to over 5 million Americans. That is 500 companies that are paying out bonuses, higher pay, and bigger benefits for their workers. That is only going to increase over time as this economy starts to take off because they now have an incentive to expand and grow their operations through reduced rates, when it comes both to large and small businesses, through the ability to recover their costs more quickly and to free up that capital with which they can invest in and expand and grow this economy and create those better paying jobs. This is a win-win for the American people. It is a win-win for our country. [[Page S2066]] I hope our colleagues on the other side of the aisle will quit referring to it as ``crumbs'' because I know the American people don't see it that way. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The assistant bill clerk proceeded to call the roll. Mrs. MURRAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Mrs. MURRAY. Mr. President, I come to the floor today to oppose in the strongest terms the nomination of Patrick Pizzella as Deputy Secretary of Labor. With this nomination President Trump is once again breaking his promise to put workers first. Mr. Pizzella has a record that is time and again at odds with the goals of the very Department he would help to lead as Deputy Secretary. His track record is one of not merely failing workers but of failing to enforce laws to protect the health and safety of workers, seeking to diminish workers' rights and protections, and undermining the unions that represent and fight for them. In fact, his record includes working with convicted lobbyist Jack Abramoff on behalf of causes that are counter to the mission of the Department of Labor. In the 1990s, Congress was moving to expand labor and immigration protections to the Northern Marianas Islands, a U.S Territory, to end the operation of sweatshops that did not follow Federal labor laws. The law at the time let companies bring in foreign workers to toil under inhumane conditions. The workers were underpaid. They were forced to sign contracts signing away their rights to protest labor conditions, and some were even coerced to have abortions. The companies operating under these inhumane conditions were able to print the words ``Made in the U.S.A '' on their products. While Congress was looking to take action to change the law so we could better protect workers, Pizzella was working with Abramoff to coordinate all-expense-paid trips for dozens of Republican lawmakers and staff and seeking to maintain the sweatshop status quo. Patrick Pizzella chose not to work for workers but for corporations. These efforts are not just counter to the mission of the Department of Labor, they are counter to our national values. The rest of Mr. Pizzella's record shows that he has taken equally extreme positions throughout his career. Take, for example, his radical record as the sole employee of the Conservative Action Project, a far- right group funded by billionaire donors like the DeVos family, or his record when he last served in the Department of Labor. Under his leadership, the Department of Labor cut its budget in part by cutting down its own employees' collective bargaining rights and decreasing official time. Then there is his long record championing anti-union policies and arguing to limit collective bargaining rights. At the Federal Labor Relations Authority, Pizzella not only ruled consistently against workers and unions, but he repeatedly broke with longstanding policy by calling out the names of individual workers in his decisions. He chose to call out defendants by name and put them in the public spotlight. The pattern of Mr. Pizzella's anti-worker ideology is clearly unchanged today. Throughout his career, Mr. Pizzella's record has been alarmingly consistent. From his years serving as the right hand to Jack Abramoff until now, he has shown that he is not going to fight for workers. He will fight against them. It would be irresponsible to put a man with such a strong track record of anti-worker conviction a tweet away from leading the Department of Labor. It is unconscionable that someone of Mr. Pizzella's background would be the No. 2 leader at the Department of Labor. It is unacceptable that he could be in line to serve as Acting Secretary should Secretary Acosta leave the Department. I strongly oppose his nomination. I will be voting against him, and I encourage our colleagues to do the same. Thank you, Mr. President. I yield the floor. The PRESIDING OFFICER (Mr. Lee). The Senator from Colorado. Opioid Crisis Mr. GARDNER. Mr. President, over the past couple of weeks Congress and the Senate had its State work period, and during that time we go back to our State and travel, listening to our constituents. I had the incredible opportunity to go to Colorado and spend time on the Front Range, on the I-25 Corridor, where the vast majority of the population of Colorado lives, and also spent some time in Western Colorado, which most people identify as being where they travel to Colorado, with the ski resorts, mountains, Rocky Mountain National Park, and the Great Sand Dunes National Park. I also had a chance to visit some of the smaller communities in Southern Colorado, including an area known as the San Luis Valley, where some of the longest living Colorado families have farms. There are families and businesses. The focus of this visit was about how we grow the economy in the San Luis Valley, the Eastern Plains, and the Western Slope--areas that haven't seen as much economic growth as, perhaps, Denver, Fort Collins, or Colorado Springs. I also wanted to spend some time getting into the community and talking about a couple of the issues they face when it comes to the opioid crisis that this country faces. Over the past several years, a great deal of attention has been paid to prescription drug addiction and to prescription drug overdoses. My home State of Colorado actually has an average that exceeds the national average when it comes to prescription addiction and overdose. We are losing a person in Colorado to drug overdose every 36 hours--far too many people. In our rural communities, it is not just the wealthy who are immune or the poor who are immune or the poor who are affected or the wealthy who are affected. It is everyone--wealthy, poor, low- and high-income. The opioid crisis and prescription drug addiction have affected every nook and cranny of our communities. The attention that has been paid to the addiction crisis in this country has resulted in some of the greatest bipartisan achievements Congress has had over the past several years. The passage of the 21st Century Cures Act will expedite new treatment methods through the FDA and provide research treatment dollars for the opioid crisis and the prescription drug crisis and addiction. It also led to passage of the Comprehensive Addiction and Recovery Act, legislation that had great bipartisan support. People on both sides of the aisle worked on this legislation together to pass a bill to address what is happening to our communities. Every single one of us has a story about somebody close to us, near to us, perhaps a friend or relative--probably both--who has fallen victim to prescription drug addiction and opioid addiction. Of course if you end up with a prescription drug addiction, that one pill might be $60 or $80, but you can go out on the streets and find heroin for $10 to $15. Now we see the rise of heroin replacing prescription drugs and you see the cycle. The drug dealers have figured out a way to lace cocaine with fentanyl so that it becomes a little bit more addictive and so people are hooked on cocaine more than they already are. You know the dangers of fentanyl, a synthetic drug so powerful that you can't have a dog sniff for it at the Post Office because it would kill the animal. During these roundtables that were held in the San Luis Valley about opioids, I learned a couple of things. In Alamosa, CO, I learned that about 90 percent of the jail population in Alamosa is addicted to drugs. At the same roundtable, we talked about the challenges that rural communities have in treatment. We know that if a police officer or law enforcement officer or paramedic finds somebody who is overdosed and they are revived with Narcan, yes, you saved their life. You brought them back, but what happens after that? They are left to their own devices. Do they return to that abuse? Do they return to that cycle of overdose? Without treatment, yes, they will. We learned in Swedish Medical Center Englewood, CO, the Front Range [[Page S2067]] suburb of Denver, that 1 out of every 10 visitors to the emergency room of people who are revived by Narcan or some other treatment after an overdose will be dead within a year. So 1 out of 10 who come into an emergency room will be dead within a year. We know that there has been great success in finding alternatives to opioid medication. In fact, Colorado emergency rooms and the Colorado Hospital Association, working together with a number of hospitals, developed a ***program*** called Alternatives to Opioids, or ALTO, which is a ***program*** that we actually introduced legislation on--Senator Booker, myself, Senator Bennet, and others--to try to make sure that emergency rooms don't just turn to opioid medication but find other alternatives because there are other alternatives. You don't just have to prescribe an opioid-based medication. As a result, opioid prescriptions out of the emergency room have decreased by 36 percent over the 6-month course of this pilot ***program*** in Colorado. Those are remarkable results. We introduced legislation to mimic the same thing and to learn best practices at the Federal level so that hospitals around the country can work together, share those best practices, identify what works, and use them. We have to reform the Medicaid ***Program*** so there is no incentive for doctors to overprescribe addictive medication. In Alamosa, physicians we talked to are entering into contracts with their patients. At San Luis Valley Health Regional Medical Center, they are entering into contracts with patients about the responsibility that goes with taking these powerful, powerful drugs. We found new ways to make sure that the pill mills are being discovered and abandoned. We try to make sure that people can communicate with each other on how these treatments work. While I was in Colorado, we talked about the devastation that drugs are having on their small communities. We learned about a group of high schoolers who are talking to other high schools about the dangers of addiction and prescription and drug overdose. They are trying to work with each other to stop the cycle and to make sure that people who need help find help and hopefully will avoid it in the first place. Perhaps, one of the most frightening things that I heard during this roundtable--being a parent with three children of my own, I often worry about what happens to them when they go to school and what pressures they face. Two of them are young now. Our daughter is 14, and she will be entering high school. I worry about the pressures they will face from their peers. I worry about them, and I worry about what happens to our community and to their friends with what is around them. But I never thought that I would hear what I heard in the San Luis Valley. We were talking about prescriptions and reimbursement from Medicaid. One of the providers brought up a challenge that they had with getting reimbursement. I later learned from a pharmacist that it may simply be a coding problem, and if it were coded correctly, the reimbursement would occur. This is what this provider said. They were trying to make sure Medicaid could reimburse for the nasal spray of Narcan so that children could administer it to their parents when they overdosed, because it is easier for a young child or a little child to administer a nasal spray than to give an injection. Kids are given nasal spray so they can revive their parents. If that parent goes to the emergency room at Swedish hospital in Denver, CO, revived by that child, 1 in 10 of those parents revived will not come back again because they will be dead. We have done a lot of work in this country, and we have a lot more work to do when it comes to opiate addiction and crisis. We have a lot of work to do in this Congress to come together and find ways to stop this--to break the cycle, to make sure it is easier to prescribe the drugs that will help instead of create addictions. We have talked to people who said they have to have 8 hours of training and certification, which makes it impossible for certain drugs to be administered by a physician in the emergency room because they don't have time to comply with the paperwork. They actually would rather prescribe this drug than the opiate-based drug because the opiate-based drug, they know, would create the possibility of addiction. Yet this other drug wouldn't. There are more barriers to prescribe the drug that wouldn't cause the harm than the drug that would cause the harm. So we have a lot of work to do. These aren't Republican issues or Democratic issues. They are our families' issues. They are our friends' issues. They are our communities' issues. I will end it with this story. One of the healthcare professionals we talked to told a story of their son who was a golfer--an athlete, loved to golf. He was injured golfing, so they wanted to make sure their son was cared for so he could recover and go on to a golf career or whatever career he had in front of him. They took their son to the doctor. Their son was given Vicodin to address the pain from the injury. At this point in the story, the mother started to cry because she feels guilty and responsible for the very first treatment that led down a path of addiction and the eventual death of their son. All this mom wanted to do was help, and she now feels the blame of the powerful drug that led to the addiction and death of their son. It is not a unique story. That story has been shared far too many times around the country, and yet here we are once again talking about it. So I encourage my colleagues, let's continue the great work we have already done. Let's do more. Let's work together, and let's make sure we can find solutions this country will be proud of. We will know this when our communities recover and people stop dying. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. McCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. McCONNELL. Mr. President, I ask unanimous consent that notwithstanding the provisions of rule XXII, all postcloture time on the Pizzella nomination expire at 9:30 a.m tomorrow and the Senate vote on confirmation of the Pizzella nomination; further, that if confirmed, the motion to reconsider be considered made and laid upon the table and the President be immediately notified of the Senate's action; finally, that there be 2 minutes of debate equally divided prior to each vote. The PRESIDING OFFICER. Without objection, it is so ordered.

**Load-Date:** April 13, 2018

**End of Document**



[***FEDERAL REGISTER: International Standard-Setting Activities Pages 42061 - 42072 [FR DOC # 2017-18832]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDW-MHC1-F0YC-N2PY-00000-00&context=1516831)

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**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** Food Safety and Inspection Service [Docket No. FSIS-2017-0021] International Standard-Setting Activities AGENCY: Office of Food Safety, USDA. ACTION: Notice. ----------------------------------------------------------------------- SUMMARY: This notice informs the public of the sanitary and phytosanitary standard-setting activities of the Codex Alimentarius Commission (Codex), in accordance with section 491 of the Trade Agreements Act of 1979, as amended, and the Uruguay Round Agreements Act. This notice also provides a list of other standard-setting activities of Codex, including commodity standards, guidelines, codes of practice, and revised texts. This notice, which covers Codex activities during the time periods from June 1, 2016, to May 31, 2017, and June 1, 2017, to May 31, 2018, seeks comments on standards under consideration and recommendations for new standards. ADDRESSES: FSIS invites interested persons to submit their comments on this notice.

Comments may be submitted by one of the following methods:  Federal eRulemaking Portal: This Web site provides the ability to type short comments directly into the comment field on this Web page or attach a file for lengthier comments. Go to [*http://www.regulations.gov*](http://www.regulations.gov) Follow the on-line instructions at the Web site for submitting comments.      Mail, including CD-ROMs, etc.: Mail to the U.S Department of ***Agriculture*** (USDA), FSIS, 1400 Independence Avenue SW., Mailstop 3782, Room 8-163B, Washington, DC 20250-3700.      Hand- or courier-delivered items: Deliver to OPPD, RIMS, Docket Clearance Unit, Patriots Plaza 3, 355 E Street SW., Room 8-164, Washington, DC 20250-3700.     Instructions: All items submitted by mail or email are to include the Agency name and docket number FSIS-2017-0021. Comments received in response to this docket will be made available for public inspection and posted without change, including any personal information to   [*http://www.regulations.gov*](http://www.regulations.gov)     Please state that your comments refer to Codex and, if your comments relate to specific Codex committees, please identify the committee(s) in your comments and submit a copy of your comments to the delegate from that particular committee.     Docket: For access to background documents or comments received, visit the FSIS Docket Room at Patriots Plaza 3, 355 E Street SW., Room 8-164, Washington, DC 20250-3700, between 8:00 a.m and 4:30 p.m , Monday through Friday. A complete list of U.S delegates and alternate delegates can be found in Attachment 2 of this notice.

FOR FURTHER INFORMATION CONTACT: Mary Frances Lowe, United States Manager for Codex Alimentarius, U.S Department of ***Agriculture***, Office of Food Safety, South ***Agriculture*** Building, 1400 Independence Avenue SW., Room 4861, Washington, DC 20250-3700; Telephone: (202) 205-7760; Fax: (202) 720-3157; Email: [*USCodex@fsis.usda.gov*](mailto:USCodex@fsis.usda.gov)     For information pertaining to particular committees, contact the delegate of that committee. Documents pertaining to Codex and specific committee agendas are accessible via the Internet at [*http://www.codexalimentarius.org/meetings-reports/en/*](http://www.codexalimentarius.org/meetings-reports/en/). The U.S Codex Office also maintains a Web site at   [*http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/us-codex-alimentarius*](http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/us-codex-alimentarius).

SUPPLEMENTARY INFORMATION:

Background

    The World Trade Organization (WTO) was established on January 1, 1995, as the common international institutional framework for the conduct of trade relations among its members in matters related to the Uruguay Round Trade Agreements. The WTO is the successor organization to the General Agreement on Tariffs and Trade (GATT). United States membership in the WTO was approved and the Uruguay Round Agreements Act (Uruguay Round Agreements) was signed into law by the President on December 8, 1994, Public Law 103-465, 108 Stat. 4809. The Uruguay Round Agreements became effective, with respect to the United States, on January 1, 1995. The Uruguay Round Agreements amended the Trade Agreements Act of 1979. Pursuant to section 491 of the Trade Agreements Act of 1979, as amended, the President is required to designate an agency to be ``responsible for informing the public of the sanitary and phytosanitary (SPS) standard-setting activities of each international standard-setting organization'' (19 U.S.C 2578). The main international standard-setting organizations are Codex, the World Organisation for Animal Health, and the International Plant Protection Convention. The President, pursuant to Proclamation No. 6780 of March 23, 1995, (60 FR 15845), designated the U.S Department of ***Agriculture*** as the agency responsible for informing the public of the SPS standard- setting activities of each international standard-setting organization. The Secretary of ***Agriculture*** has delegated to the Office of Food Safety the responsibility to inform the public of the SPS standard-setting activities of Codex. The Office of Food Safety has, in turn, assigned the responsibility for informing the public of the SPS standard-setting activities of Codex to the U.S Codex Office (USCO).     Codex was created in 1963 by two United Nations organizations, the Food and ***Agriculture*** Organization (FAO) and the World Health Organization (WHO). Codex is the principal international organization for establishing standards for food. Through adoption of food standards, codes of practice, and other guidelines developed by its committees and by promoting their adoption and implementation by governments, Codex seeks to protect the health of consumers, ensure fair practices in the food trade, and promote coordination of food standards work undertaken by international governmental and nongovernmental organizations. In the United States, U.S Codex activities are managed and carried out by the United States Department of ***Agriculture*** (USDA); the Food and Drug Administration (FDA), Department of Health and Human Services (HHS); the National Oceanic and Atmospheric Administration (NOAA), Department of Commerce (DOC); and the Environmental Protection Agency (EPA).     As the agency responsible for informing the public of the SPS standard-setting activities of Codex, the Office of Food Safety publishes this notice in the Federal Register annually. Attachment 1 (Sanitary and Phytosanitary Activities of Codex) sets forth the following information:     1. The SPS standards under consideration or ***planned*** for consideration; and

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    2. For each SPS standard specified:     a. A description of the consideration or ***planned*** consideration of the standard;     b. Whether the United States is participating or ***plans*** to participate in the consideration of the standard;     c. The agenda for United States participation, if any; and     d. The agency responsible for representing the United States with respect to the standard.     TO OBTAIN COPIES OF THE STANDARDS LISTED IN ATTACHMENT 1, PLEASE CONTACT THE CODEX DELEGATE, U.S CODEX OFFICE, OR VISIT THE CODEX ALIMENTARIUS WEBSITE: [*http://www.fao.org/fao-who-codexalimentarius/standards/en/*](http://www.fao.org/fao-who-codexalimentarius/standards/en/).     This notice also solicits public comment on standards that are currently under consideration or ***planned*** for consideration and recommendations for new standards. The delegate, in conjunction with the responsible agency, will take the comments received into account in participating in the consideration of the standards and in proposing matters to be considered by Codex.     The U.S delegate will facilitate public participation in the United States Government's activities relating to Codex. The U.S delegate will maintain a list of individuals, groups, and organizations that have expressed an interest in the activities of the Codex Committees and will disseminate information regarding U.S delegation activities to interested parties. This information will include the status of each agenda item; the U.S Government's position or preliminary position on the agenda items; and the time and place of ***planning*** meetings and debriefing meetings following the Codex committee sessions. In addition, the U.S Codex Office makes much of the same information available through its Web page at   [*http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/us-codex-alimentarius*](http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/us-codex-alimentarius). If you would like to access or receive information about specific committees, please visit the Web page or notify the appropriate U.S delegate or the U.S Codex Office, Room 4861, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-3700 ([*uscodex@fsis.usda.gov*](mailto:USCodex@fsis.usda.gov)).     The information provided in Attachment 1 describes the status of Codex standard-setting activities by the Codex Committees for the time periods from June 1, 2016, to May 31, 2017, and June 1, 2017, to May 31, 2018. Attachment 2 provides a list of U.S Codex Officials (including U.S delegates and alternate delegates). A list of forthcoming Codex sessions may be found at:   [*http://www.codexalimentarius.org/meetings-reports/en/*](http://www.codexalimentarius.org/meetings-reports/en/).

Additional Public Notification

    Public awareness of all segments of rulemaking and policy development is important. FSIS will announce this Federal Register publication on-line through the FSIS Web page located at: [*http://www.fsis.usda.gov/federal-register*](http://www.fsis.usda.gov/federal-register).     FSIS also will make copies of this publication available through the FSIS Constituent Update, which is used to provide information regarding FSIS policies, procedures, regulations, Federal Register notices, FSIS public meetings, and other types of information that could affect or would be of interest to our constituents and stakeholders. The Update is available on the FSIS Web page. Through the Web page, FSIS is able to provide information to a much broader, more diverse audience. In addition, FSIS offers an email subscription service which provides automatic and customized access to selected food safety news and information. This service is available at:   [*http://www.fsis.usda.gov/subscribe*](http://www.fsis.usda.gov/subscribe).     Options range from recalls to export information, regulations, directives, and notices. Customers can add or delete subscriptions themselves, and have the option to password protect their accounts.

    Done at Washington, DC, on August 31, 2017. Mary Frances Lowe, U.S Manager for Codex Alimentarius.

Attachment 1:

Sanitary and Phytosanitary Activities of Codex

Codex Alimentarius Commission and Executive Committee     The Codex Alimentarius Commission convened for its 40th Session July 17-July 22, 2017, in Geneva, Switzerland. At that session, the Commission adopted standards recommended by Committees at Step 8 or Step 5/8, and it advanced the work of Committees by adopting draft standards at Step 5. The Commission also considered proposals for new work as well as proposed standards, codes of practice, amendments to the Procedural Manual, and related matters forwarded to the Commission by the general subject committees, commodity committees, and regional coordinating committees. In particular, the Commission considered proposals for new work by the Task Force on Antimicrobial Resistance; the Regular Review of Codex Work Management (electronic working groups); FAO/WHO Scientific Support for Codex; FAO/WHO Capacity Development and Trust Fund Activities; Relations between Codex and Other International Organizations; financial and budgetary issues; Election of the Chairperson, Vice-Chairpersons, and Members of the Executive Committee; and designation of Countries responsible for appointing the Chairpersons of Codex Subsidiary Bodies.     Before the Commission session, the Executive Committee met at its 73rd Session, July 10-13, 2017. It was composed of the chairperson; vice-chairpersons; seven members elected from the Commission from each of the following geographic regions: Africa, Asia, Europe, Latin America and the Caribbean, Near East, North America, and South-West Pacific; and regional coordinators from the six regional committees. Canada was the elected representative from North America; the United States participated as an advisor. The Executive Committee conducted a critical review of the elaboration of Codex standards and considered Revitalization of the FAO/WHO Regional Coordinating Committees; Implementation Status of the 2014-2019 ***Strategic*** ***Plan*** and Preparation of the 2020-2025 ***Strategic*** ***Plan***; Committees Working by Correspondence; Codex and Sustainable Development Goals; FAO/WHO Scientific Support for Codex work; Relations between FAO and WHO Policies, Strategies and Guidelines and Codex Work; and financial and budgetary issues.     U.S Participation: Yes.     Responsible Agency: USDA/FSIS/USCO. Codex Committee on Residues of Veterinary Drugs in Foods     The Codex Committee on Residues of Veterinary Drugs in Foods (CCRVDF) determines priorities for the consideration of residues of veterinary drugs in foods and recommends Maximum Residue Limits (MRLs) for veterinary drugs. The Committee also develops codes of practice, as may be required, and considers methods of sampling and analysis for the determination of veterinary drug residues in food. A veterinary drug is defined as any substance applied or administered to any food ***producing*** animal, such as meat or milk ***producing*** animals, poultry, fish, or bees, whether used for therapeutic, prophylactic or

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diagnostic purposes, or for modification of physiological functions or behavior.     A Codex Maximum Residue Limit (MRL) for residues of veterinary drugs is the maximum concentration of residue resulting from the use of a veterinary drug (expressed in mg/kg or ug/kg on a fresh weight basis) that is recommended by the Codex Alimentarius Commission to be permitted or recognized as acceptable in or on a food. Residues of a veterinary drug include the parent compounds or their metabolites in any edible portion of the animal product, and include residues of associated impurities of the veterinary drug concerned. An MRL is based on the type and amount of residue considered to be without any toxicological hazard for human health as expressed by the Acceptable Daily Intake (ADI) or on the basis of a temporary ADI that utilizes an additional safety factor. When establishing an MRL, consideration is also given to residues that occur in food of plant origin or the environment. Furthermore, the MRL may be reduced to be consistent with official recommended or authorized usage, approved by national authorities, of the veterinary drugs under practical conditions.     An ADI is an estimate made by the Joint FAO/WHO Expert Committee on Food Additives (JECFA) of the amount of a veterinary drug, expressed on a body weight basis, which can be ingested daily in food over a lifetime without appreciable health risk.     The Committee convened for its 23rd Session in Houston, Texas, October 17-21, 2016. The relevant document is REP17/RVDF. The following items were considered for adoption by the 40th Session of the Commission in July 2017:     Adopted at Step 5/8:      Proposed draft MRLs for Lasalocid sodium (chicken, turkey, quail and pheasant kidney, liver, muscle, skin+fat); ivermectin (cattle fat, kidney, liver, muscle); and teflubenzuron (salmon filet, muscle).     Adopted at Step 5:      Proposed draft Risk Management Recommendation for gentian violet.     The Committee will continue to work on the following items:      Proposed draft MRLs for zilpaterol hydrochloride (cattle fat, kidney, liver, muscle);      Draft Priority List of Veterinary drugs requiring evaluation or re-evaluation by JECFA;      Discussion paper on MRLs for groups of fish species;      Request for scientific advice to the FAO and WHO to address the issue of unavoidable and unintended residues of approved veterinary drugs in foods resulting from carry-over of veterinary drugs in feed;      Database of countries' needs for MRLs;      Analysis of the results of the global survey to provide information to the CCRVDF to move compounds from the database on countries' needs for MRLs to the JECFA priority list;      Discussion paper on the evaluation of the rationale for the decline in new compounds to be included in the CCRVDF priority list for evaluation by JECFA;      Discussion paper on edible offal tissues (possible definition and edible offal tissues of interest in international trade); and      Discussion paper on the revision of the criteria for the use of multi-residue analytical methods for the determination and identification of veterinary drugs in foods.     Work on the following items has been discontinued:      Proposed draft MRL for ivermectin (cattle muscle);      Discussion paper on unintended presence of residues of veterinary drugs in food commodities resulting from the carry-over of drug residues; and      Discussion paper on the establishment of a rating system to establish priority for CCRVDF work.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA/Center for Veterinary Medicine; USDA/ FSIS. Codex Committee on Contaminants in Foods     The Codex Committee on Contaminants in Foods (CCCF) establishes or endorses permitted maximum levels (MLs) or guideline levels for contaminants and naturally occurring toxicants in food and feed; prepares priority lists of contaminants and naturally occurring toxicants for risk assessment by the Joint FAO/WHO Expert Committee on Food Additives; considers and elaborates methods of analysis and sampling for the determination of contaminants and naturally occurring toxicants in food and feed; considers and elaborates on standards or codes of practice for related subjects; and considers other matters assigned to it by the Commission in relation to contaminants and naturally occurring toxicants in food and feed.     The Committee convened for its 11th Session in Rio de Janeiro, Brazil, April 3-7, 2017. The relevant document is REP17/CF. The following items were considered for adoption by the 40th Session of the Commission in July 2017:     Adopted:      MLs for lead and arsenic in fish oils (amendment-inclusion of fish oils).     Adopted at Step 5, 5/8 & 8:      Proposed draft and draft MLs for lead in selected processed fruits and vegetables (revision of MLs, accompanied by proposed revocations of corresponding existing MLs when the Commission adopts final new MLs).     Adopted at Step 5/8:      Proposed draft code of practice (COP) for the prevention and reduction of arsenic contamination in rice;      Annex on ergot and ergot alkaloids in cereal grains (annex to the COP for the prevention and reduction of mycotoxin contamination in cereals); and      Proposed draft COP for the prevention and reduction of mycotoxin contamination in spices.     The Committee will continue working on:      MLs for total aflatoxins in ready to eat peanuts (establishment of MLs);      MLs for lead in selected commodities in the General Standard for Contaminants and Toxins in Food and Feed;      MLs for cadmium in chocolate and cocoa-derived products (establishment of MLs);      MLs for mycotoxins in spices;      MLs for methylmercury in fish;      Revision of the COP for the prevention and reduction of dioxins and dioxin-like polychlorinated biphenyls in food and feed;      Code of Practice for the reduction of 3-MCPD and glycidyl esters in refined oils and products made with refined oils;      Guidelines (best practice) for risk analysis of chemicals in advertently present in food at low levels;      Establishment of ML for hydrocyanic acid in fermented cooked cassava-based products and occurrence of mycotoxins in these products;      Structured approach to prioritize commodities not in the General Standard for Contaminants and Toxins in Food and Feed for which new MLs for lead could be established;      Aflatoxins and sterigmatocystin in cereals;      Development of a COP for the prevention and reduction of cadmium contamination in cocoa;      Forward work ***plan*** for CCCF; and      Priority list of contaminants and naturally occurring toxicants proposed for evaluation by JECFA.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/FSIS. Codex Committee on Food Additives     The Codex Committee on Food Additives (CCFA) establishes or endorses acceptable MLs for individual

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food additives; prepares a priority list of food additives for risk assessment by the Joint FAO/WHO Expert Committee on Food Additives (JECFA); assigns functional classes to individual food additives; recommends specifications of identity and purity for food additives for adoption by the Codex Alimentarius Commission; considers methods of analysis for the determination of additives in food; and considers and elaborates standards or codes of practice for related subjects, such as the labeling of food additives when sold as such. The 49th Session of the Committee convened in Macao SAR, China, March 20-24, 2017. The relevant document is REP17/FA. Immediately before the Plenary Session there was a two-day physical Working Group on the General Standard for Food Additives (GSFA) chaired by the United States.     The following were considered by the 40th Session of the Commission in July 2017:     Adopted at Step 5/8:      Proposed draft specifications for the identity and purity of food additives; and      Proposed draft amendments to the Class Names and International Numbering System (INS) for Food Additives (CAC/GL 36- 1989).     Adopted at Step 8 & 5/8:      Draft and proposed draft food additive provisions of the GSFA.     Adopted:      Amendment to the Introduction of the List of Codex Specifications for Food Additives (CAC/MISC 6);      Revised food additive provisions of the GSFA related to the alignment of the standards for frozen fish products and of the Standards for Certain Canned Citrus Fruits (CODEX STAN 254-2007), Preserved Tomatoes (CODEX STAN 13-1981), Processed Tomato Concentrates (CODEX STAN 57-1981), and Table Olives (CODEX STAN 66-1981), and the EDTA provisions of the Standard for Canned Shrimps or Prawns (CODEX STAN 37-1981); and      Revised food additive sections of the Standards for Preserved Tomatoes (CODEX STAN 13-1981), Processed Tomato Concentrates (CODEX STAN 57-1981), Quick Frozen Fin-Fish, Uneviscerated and Eviscerated (CODEX STAN 36-1981), Quick Frozen Shrimps or Prawns (CODEX STAN 92-1981), Quick Frozen Lobsters (CODEX STAN 95-1981), Quick Frozen Blocks of Fish Filets (CODEX STAN 190-1995), Quick Frozen Fish Fillet, Quick Frozen Fish Sticks (Fish Fingers), Fish Portions and Fish Fillets--Breaded and in Batter (CODEX STAN 166-1989), and Fresh and Quick Frozen Raw Scallop Products (CODEX STAN 315-2014).     The Committee will continue working on:      Draft and proposed draft food additive provisions of the GSFA with an electronic working group (eWG) led by the United States);      Proposals for additions and changes to the Priority List of Substances Proposed for Evaluation by JECFA:     [cir] The Committee noted that there are no specifications for sodium sorbate (INS 201). The Committee agreed that if a commitment is not made to provide sufficient data for the development of specifications at its next session (CCFA 50, 2018) sodium sorbate will be taken off of the priority list and existing adopted provisions for this additive in the GSFA and Codex Commodity Standards will be revoked.      Alignment of the food additive provisions of commodity standards and relevant provisions of the GSFA; revised approach to listing commodity standards in Table 3 of the GSFA; and guidance for commodity committees in the alignment (eWG led by Australia and the United States);      Revision of the Class Names and the International Numbering System for Food Additives (eWG led by Iran & Belgium);      New or revised provisions of the GSFA with a physical working group (pWG) led by the United States;      Discussion on the use of nitrates (INS 251, 252) and nitrites (INS 249, 250) (eWG led by the European Union and the Netherlands);      Discussion paper on the use of the terms ``unprocessed'' and ``plain'' in the GSFA (Russian Federation); and      Discussion paper on the ``Future Strategies for CCFA'' (Australia, Canada, China, Iran, and United States).     The Committee also agreed to hold a two-day physical Working Group on the GSFA immediately preceding the 50th Session of the CCFA in 2018, to be chaired by the United States. That group will discuss:      The recommendations of the eWG on the GSFA on food additive provisions to be circulated for comment;      New proposals and proposed revisions of food additive provisions in the GSFA; and      Recommendations on the use of food additives in processed cheese.     U.S Participation: Yes.     Responsible Agency: HHS/FDA. Codex Committee on Pesticide Residues     The Codex Committee on Pesticide Residues (CCPR) is responsible for establishing maximum residue limits (MRLs)for pesticide residues in specific food items or in groups of food; establishing MRLs for pesticide residues in certain animal feeding stuffs moving in international trade where this is justified for reasons of protection of human health; preparing priority lists of pesticides for evaluation by the Joint FAO/WHO Meeting on Pesticide Residues (JMPR); considering methods of sampling and analysis for the determination of pesticide residues in food and feed; considering other matters in relation to the safety of food and feed containing pesticide residues; and establishing maximum limits for environmental and industrial contaminants showing chemical or other similarity to pesticides in specific food items or groups of food.     The 49th Session of the Committee met in Beijing, China, April 24- 29, 2017. The relevant document is REP17/PR. The following items were considered at the 40th Session of the Codex Alimentarius Commission in July 2017:     Adopted at Step 8 & 5/8:      Draft and proposed draft Maximum Residue Limits (MRLs) for pesticides in food and feed;      Draft and proposed draft Revision of the Classification of Food and Feed (Vegetable Commodity Groups);      Proposed draft Table 2 with examples of representative commodities for vegetable commodity groups, for inclusion in the Principles and Guidance for the Selection of Representative Commodities for the Extrapolation of MRLs for Pesticides to Commodity Groups;      Draft and proposed draft Revision of the Classification of Food and Feed (Grasses); and      Proposed draft Table 3 with examples of representative commodities for grasses, for inclusion in the Principles and Guidance for the Selection of Representative Commodities for the Extrapolation of MRLs for Pesticides to Commodity Groups.     Adopted at Step 5:      Proposed draft Revision of the Classification of Food and Feed (Seeds for Beverages and Sweets).     Adopted at Step 8:      Draft Guidelines on Performance Criteria for Methods of Analysis for the Determination of Pesticide Residues in Food and Feed.     The Committee will continue working on:      Draft MRLs for pesticides;      Proposed draft MRLs for pesticides;      Proposed draft and draft revisions of the Classification of Food and Feed for selected commodity groups, including seeds for beverages and sweets;

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     Discussion paper on the possible review of the International Estimate of Short-Tern Intake (IESTI) Equations;      Establishment Codex Schedules and Priority Lists of Pesticides;      Information on National Registrations of Pesticides; and      Discussion paper on the Establishment of a Codex Database of National Registrations of Pesticides.     U.S Participation: Yes.     Responsible Agencies: EPA; USDA/FSIS. Codex Committee on Methods of Analysis and Sampling     The Codex Committee on Methods of Analysis and Sampling (CCMAS) defines the criteria appropriate to Codex Methods of Analysis and Sampling; serves as a coordinating body for Codex with other international groups working on methods of analysis and sampling and quality assurance systems for laboratories; specifies, on the basis of final recommendations submitted to it by the bodies referred to above, reference methods of analysis and sampling appropriate to Codex standards which are generally applicable to a number of foods; considers, amends if necessary, and endorses as appropriate, methods of analysis and sampling proposed by Codex commodity committees, except for methods of analysis and sampling for residues of pesticides or veterinary drugs in food, the assessment of microbiological quality and safety in food, and the assessment of specifications for food additives; elaborates sampling ***plans*** and procedures, as may be required; considers specific sampling and analysis problems submitted to it by the Commission or any of its Committees; and defines procedures, protocols, guidelines or related texts for the assessment of food laboratory proficiency, as well as, quality assurance systems for laboratories.     The 38th Session of the Committee met in Budapest, Hungary, May 8- 12, 2017. The relevant document is REP17/MAS. The following items were considered by the Commission at its 40th Session in July 2017:     Adopted:      Methods of Analysis and Sampling in Codex Standards; and      Amendment to the Procedural Manual to refer to the sum of components.     The Committee will continue working on:      Criteria for endorsement of biological methods to detect chemicals of concern;      Follow-up work on the review and update of Codex Stan 234- 1999;      Future Work on database for Codex Methods of Analysis and Sampling ***Plans***;      Information document on Practical Examples on the Selection of Appropriate Sampling ***Plans***;      Proposals to amend the Guidelines on Measurement Uncertainty; and      Proposal to amend the General Guidelines on Sampling.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/Grain Inspection, Packers and Stockyards Administration. Codex Committee on Food Import and Export Inspection and Certification Systems     The Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS) is responsible for developing principles and guidelines for food import and export inspection and certification systems, with a view to harmonizing methods and procedures that protect the health of consumers, ensure fair trading practices, and facilitate international trade in foodstuffs; developing principles and guidelines for the application of measures by the competent authorities of exporting and importing countries to provide assurance, where necessary, that foodstuffs comply with requirements, especially statutory health requirements; developing guidelines for the utilization, as and when appropriate, of quality assurance systems to ensure that foodstuffs conform with requirements and promote the recognition of these systems in facilitating trade in food products under bilateral/multilateral arrangements by countries; developing guidelines and criteria with respect to format, declarations, and language of such official certificates as countries may require with a view towards international harmonization; making recommendations for information exchange in relation to food import/export control; consulting as necessary with other international groups working on matters related to food inspection and certification systems; and considering other matters assigned to it by the Commission in relation to food inspection and certification systems.     The 23rd Session of the Committee convened in Mexico City, Mexico, May 1-5, 2017. The relevant document is REP17/FICS. There following items were considered by the Commission at its 40th Session in July 2017:     Adopted at Step 8:      Draft Principles and Guidelines for Monitoring the Performance of National Food Control Systems.     The Committee will continue working on the following items:      New work on guidance on the use of systems equivalence;      New work on guidance on paperless use of electronic certificates (Revision of Guidelines for Design, Production, Issuance and Use of Generic Official Certificates);      New work on guidance on regulatory approaches to third party assurance schemes in food safety and fair practices in the food trade;      Discussion paper on food integrity and food authenticity;      Discussion paper on consideration of emerging issues and future directions for the work of the Codex Committee on Food Import and Export Inspection and Certification Systems;      Framework for the preliminary assessment and identification of priority areas for CCFICs; and      Inter-sessional physical working groups: trial broadcast via Webinar.     U.S Participation: Yes.     Responsible Agencies: USDA/FSIS; HHS/FDA. Codex Committee on Food Labelling     The Codex Committee on Food Labelling (CCFL) drafts provisions on labeling applicable to all foods; considers, amends, and endorses draft specific provisions on labeling prepared by the Codex Committees drafting standards, codes of practice, guidelines; and studies specific labeling problems assigned by the Codex Alimentarius Commission. The Committee also studies problems associated with the advertisement of food with particular reference to claims and misleading descriptions.     The Committee will convene its 44th Session in Asuncion, Paraguay, October 16-20, 2017. The Committee will continue to discuss the following items:      Revision of the General Standard for the Labelling of Prepackaged Foods (GSLPF): Date Marking (proposed draft);      Guidance for the labelling of non-retail containers;      Consumer preference claims (discussion paper);      Front-of-pack labelling (discussion paper); and      Future work (discussion paper).     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/FSIS. Codex Committee on Food Hygiene     The Codex Committee on Food Hygiene (CCFH):

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     Develops basic provisions on food hygiene, applicable to all food or to specific food types;      Considers and amends or endorses provisions on food hygiene contained in Codex commodity standards and codes of practice developed by other Codex commodity committees;      Considers specific food hygiene problems assigned to it by the Commission;      Suggests and prioritizes areas where there is a need for microbiological risk assessment at the international level and develops questions to be addressed by the risk assessors; and      Considers microbiological risk management matters in relation to food hygiene and in relation to the FAO/WHO risk assessments.     The Committee convened for its 48th Session in Los Angeles, CA, November 7-11, 2016. The relevant document is REP 17/FH. The following items were considered by the 40th Session of the Commission in July 2017:     Adopted at Step 5/8:      Proposed draft Revision of the Code of Hygienic Practice for Fresh Fruits and Vegetables.     Endorsed with modifications:      Proposed draft Regional Code of Hygienic Practice for Street-Vended Foods in Asia.     The Committee will continue working on:      Proposed draft Revision of the General Principles of Food Hygiene and its HACCP Annex;      Proposed draft Guidance on Histamine Control;      New work proposals/forward work ***plan***; and      Discussion paper on future work on Shiga Toxin-***Producing*** Escherichia coli (STEC).     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/FSIS. Codex Committee on Fresh Fruits and Vegetables     The Codex Committee on Fresh Fruits and Vegetables (CCFFV) is responsible for elaborating worldwide standards and codes of practice, as may be appropriate for fresh fruits and vegetables; for consulting as necessary, with other international organizations in the standards development process to avoid duplication.     The Committee will convene its 20th Session in Kampala, Uganda, October 2-6, 2017.     The committee will continue to discuss the following items:      Matters arising from the Codex Alimentarius Commission and other Committees;      Matters arising from other international organizations on the standardization of fresh fruits and vegetables;      Draft Standard for Aubergines;      Draft Standard for Garlic;      Draft Standard for Kiwifruit;      Draft Standard for Ware Potatoes;      Draft Standard for Fresh Dates;      Proposals for new work on Codex standards for fresh fruits and vegetables;      Proposed layout for Codex standard for fresh fruits and vegetables (outstanding issues);      Discussion paper on glossary of terms used in the layout for Codex standards for fresh fruits and vegetables; and      Other Business.     U.S Participation: Yes.     Responsible Agencies: USDA/***Agricultural*** Marketing Service (AMS); HHS/FDA. Codex Committee on Nutrition and Foods for Special Dietary Uses     The Codex Committee on Nutrition and Foods for Special Dietary Uses (CCNFSDU) is responsible for studying nutrition issues referred to it by the Codex Alimentarius Commission. The Committee also drafts general provisions, as appropriate, on nutritional aspects of all foods and develops standards, guidelines, or related texts for foods for special dietary uses in cooperation with other committees where necessary; considers, amends if necessary, and endorses provisions on nutritional aspects proposed for inclusion in Codex standards, guidelines, and related texts.     The Committee convened for its 38th Session in Hamburg, Germany, December 5-9, 2016. The reference document is REP 17/NFSDU. The following items were considered by the Commission at its 40th Session in July 2017:     Adopted:      Proposed amendments to section 6, paragraph 33 of the nutritional risk analysis principles in the Codex Procedural Manual to refer to the Joint Expert Meeting on Nutrition (JEMNU) as a primary source of scientific advice to the Committee;      Editorial amendments to the Guidelines on Nutrition Labelling;      Editorial amendments to various CCNFSDU standards with respect to flavoring; and      Nutrient Reference Values-Requirements (NRV-R) for Vitamins D and E and the conversion factors for Vitamin E equivalents.     The Committee will continue working on:      NRV-R's for older infants and young children;      Revision of the Codex Standard for Follow-Up Formula (Section A: proposed draft essential composition and quality factors; Section B: certain essential composition and quality factors--young children);      Review of other sections of the Standard for Follow-up Formula;      Proposed draft Definition for Bio-fortification;      Proposed draft Nutrient Reference Values-Non-Communicable Diseases (NRV-NCD) for EPA and DHA long chain omega-3 fatty acids;      Proposed draft Guidelines for Ready-to-Use Therapeutic Foods;      Claim for ``free'' of trans fatty acids;      Mechanism/framework for considering technological justification/consider or confirm technological justification for certain food additives;      Methods of analysis for provisions in the standard for infant formula and formulas for special medical purposes intended for infants; and      Consideration of possible Guidance on Digestible Indispensable Amino Acid Score for protein quality assessment.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/***Agricultural*** Research Service (ARS). Ad hoc Codex Intergovernmental Task Force on Antimicrobial Resistance     The Ad hoc Codex Intergovernmental Task Force on Antimicrobial Resistance (TFAMR) is responsible for (1) reviewing and revising, as appropriate, the Code of Practice to Minimize and Contain Antimicrobial Resistance (CAC/RCP 61-2005) to address the entire food chain, in line with the mandate of Codex; and (2) considering the development of Guidance on Integrated Surveillance of Antimicrobial Resistance, taking into account the guidance developed by the WHO Advisory Group on Integrated Surveillance of Antimicrobial Resistance (AGISAR) and relevant World Organisation for Animal Health (OIE) documents. The objective of the Task Force is to develop science-based guidance on the management of foodborne antimicrobial resistance, taking full account of the WHO Global Action ***Plan*** on Antimicrobial Resistance, in particular objectives 3 and 4, the work and standards of relevant international organizations, such as FAO, WHO, and OIE, and the One- Health approach, to ensure members have the necessary guidance to enable coherent management of antimicrobial resistance along the food chain. The Task Force is expected to complete its work within three (or a maximum of four) sessions.

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    The Task force will convene for its 1st Session in the Republic of Korea, November 27--December 1, 2017.     U.S Participation: Yes.     Responsible Agencies: FDA/USDA. Codex Committee on Fats and Oils     The Codex Committee on Fats and Oils (CCFO) is responsible for elaborating worldwide standards for fats and oils of animal, vegetable, and marine origin, including margarine and olive oil.     The Committee convened for its 25th Session in Kuala Lumpur, Malaysia, February 27-March 3, 2017. The relevant document is REP17/FO- Rev. The following items were considered by the Commission at its 40th Session in July 2017:     Adopted at Step 8:      Draft Standard for Fish Oils.     Adopted at Step 5/8:      Proposed draft Revision to the Standard for Olive Oils and Olive Pomace Oils (Codex Stan 210-1999): Revision of the Limits for Campesterol; and      Proposed draft Revision to the Standard for Named Vegetable Oils: Revision of Quality Parameters for Peanut Oil.     Adopted at Step 5:      Proposed draft Revision to the Standard for Named Vegetable Oils: Addition of Palm Oil with High Oleic Acid.     Adopted:      Amendment to the Sections on Flavourings of Codex Standard 19-1981 (Section 3.3), Codex Stan 210-1999 (Section 4.1), and Codex Stan 256-2007; and      Amendment to Section 2 in the Appendix of the Standard for Named Vegetable Oils: fatty acid range of crude rice bran oil.     Approved as new work:      Revision of the Standard for Named Vegetable Oils: Essential composition of sunflower seed oils;      Revision of the Standard for Named Vegetable Oils: Inclusion of walnut oil, almond oil, hazelnut oil, pistachio oil, flaxseed oil, and avocado oil;      Revision of the Standard for Named Vegetable Oils: Replacement of acid value with free fatty acids for virgin palm oil and inclusion of free fatty acids for crude palm kernel oil; and      Revision of the Standard for Olive Oils and Pomace Olive Oils (Codex Stan 33-1981).     The Committee will continue working on:      Gathering information on technical difficulties in the implementation of the fish oil standard, specifically on monitoring its application with respect to the conformity of named fish oils with the requirements (especially the fatty acid profile) and its effect on trade;      Alignment of food additives provisions in standards for fats and oils (except fish oils) and technological justification for use of emulsifiers;      Considering proposals for new substances to be added to the list of acceptable previous cargoes;      Providing relevant information (if available from Member countries) to JECFA on the 23 substances on the list of acceptable previous cargoes currently on the list; and      Discussion paper on the applicability of the fatty acid composition of all oils listed in Table 1 in relation to the fatty acid composition of corresponding crude (unrefined) form in the Standard for Named Vegetable Oils.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/***Agricultural*** Research Service (ARS). Codex Committee on Processed Fruits and Vegetables     The Codex Committee on Processed Fruits and Vegetables (CCPFV) is responsible for elaborating worldwide standards and related texts for all types of processed fruits and vegetables including, but not limited to canned, dried, and frozen products, as well as fruit and vegetable juices and nectars.     The Committee convened for its 28th Session in Washington, DC, September 12-16, 2016. The relevant document is REP17/PFV. The following items were considered for adoption by the 40th Session of the Commission in July 2017:     Adopted at Step 5/8:      Annex on Canned Pineapples, for inclusion on the Standard for Certain Canned Fruits; and      Annexes for Certain Quick Frozen Vegetables, for inclusion in the Standard for Quick Frozen Vegetables.     Adopted:      Amendment to the Scope of the Standard for Certain Canned Fruits;      Amendments to the food additive provisions in Codex standards for processed fruits and vegetables (subject to endorsement by CCFA);      Standard for Canned Chestnuts and Canned Chestnut Puree;      Standard for Pickled Fruits and Vegetables;      Standard for Jams, Jellies, and Marmalades;      Standard for Canned Applesauce;      Standard for Canned Fruit Cocktail;      Standard for Canned Tropical Fruit Salad;      Standard Pickled Cucumbers;      Standard for Kimchi; and      Standard for Canned Stone Fruits.     Proposals for new work were received by CCEXEC and approved by CAC for cashew kernels, chili sauce, mango chutney, dried sweet potato, gochujang, dried fruits, and canned mixed fruits.     The Commission authorized CCPFV to work by correspondence until CAC 41 (2018) to prioritize the proposals for new work, prepare a work ***plan***, and prepare recommendations on the establishment of electronic working groups.     U.S Participation: Yes.     Responsible Agencies: USDA/***Agricultural*** Marketing Service; HHS/FDA. Codex Committee on Sugars     The Codex Committee on Sugars (CCS) elaborates worldwide standards for all types of sugars and sugar products.     The Committee has been re-activated electronically to work by correspondence on a draft Standard for Non-Centrifuged Dehydrated Sugar Cane Juice.     The following was considered by the Commission at its 40th Session in July 2017.      Draft Standard for Non-Centrifuged Dehydrated Sugar Cane Juice (scope and definition of the product).     The Commission agreed to extend the work on development of this standard for one year.     Responsible Agencies: HHS/FDA.     U.S Participation: Yes. Codex Committee on Cereals Pulses & Legumes     The Codex Committee on Cereals, Pulses and Legumes (CCCPL) elaborates worldwide standards and/or codes of practice, as appropriate, for cereals pulses and legumes and their products.     The Committee has been reactivated to work by correspondence to draft an international Codex Standard for Quinoa. The following item was considered by the Commission at its 40th Session in July 2017:     Adopted at Step 5:      Standard for Quinoa     The Commission agreed to establish an eWG chaired by the Plurinational State of Bolivia and co-chaired by the United States and to continue the work to address the outstanding issues.     The Commission also requested that the CCCF consider including quinoa in the MLs for lead and cadmium in cereals in the GSCTFF, in accordance with the recommendations of the 73rd session of CCEXEC.     No additional work is ongoing in this Committee. It will again be adjourned sine die once the work on the

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international Codex Standard for Quinoa is completed.     Responsible Agencies: HHS/FDA.     U.S Participation: Yes. Codex Committee on Milk and Milk Products     The Codex Committee on Milk and Milk Products (CCMMP) elaborates worldwide standards, codes and related texts for milk and milk products. The Committee was reactivated to work by correspondence on a general standard for processed cheese and a Draft Standard for Dairy Permeate Powders. Consensus has not been reached on the general standard for processed cheese. In 2016, the Commission agreed to discuss this item at the Commission session in 2017, noting the offer of New Zealand as host country of CCMMP to collate any substantial new ideas provided by members in the interim. No new proposals were received, and the Commission discontinues work on this standard at its 2017 session. The draft Standard for Dairy Permeate Powders was adopted by the Commission at Step 8 at its 2017 session.     U.S Participation: Yes.     Responsible Agencies: USDA/AMS. Certain Codex Commodity Committees     Several Codex Alimentarius Commodity Committees have adjourned sine die. The following Committees fall into this category:      Cocoa Products and Chocolate--adjourned 2001     U.S Participation: Yes.     Responsible Agency: HHS/FDA.      Fish and Fishery Products--adjourned 2016     U.S Participation: Yes.     Responsible Agency: HHS/FDA/NOAA.      Meat Hygiene--adjourned 2003     U.S Participation: Yes.     Responsible Agency: USDA/FSIS.      Natural Mineral Waters--adjourned 2008     U.S Participation: Yes.     Responsible Agency: HHS/FDA.      Vegetable Proteins--adjourned 1989     U.S Participation: Yes.     Responsible Agency: USDA/ARS. FAO/WHO Regional Coordinating Committees     The FAO/WHO Regional Coordinating Committees define the problems and needs of the regions concerning food standards and food control; promote within the Committee contacts for the mutual exchange of information on proposed regulatory initiatives and problems arising from food control and stimulate the strengthening of food control infrastructures; recommend to the Commission the development of worldwide standards for products of interest to the region, including products considered by the Committees to have an international market potential in the future; develop regional standards for food products moving exclusively or almost exclusively in intra-regional trade; draw the attention of the Commission to any aspects of the Commission's work of particular significance to the region; promote coordination of all regional food standards work undertaken by international governmental and non-governmental organizations within each region; exercise a general coordinating role for the region and such other functions as may be entrusted to them by the Commission; and promote the use of Codex standards and related texts by members.     There are six regional coordinating committees:

Coordinating Committee for Africa Coordinating Committee for Asia Coordinating Committee for Europe Coordinating Committee for Latin America and the Caribbean Coordinating Committee for the Near East Coordinating Committee for North America and the South West Pacific Coordinating Committee for Africa     The Committee (CCAFRICA) convened its 22nd Session January 16-20, 2017, in Nairobi, Kenya. The relevant document is REP 17/Africa. The following items were considered by the 40th Session of the Commission in July 2017.     Adopted at Step 5/8:      Proposed draft Regional Standard for Unrefined Shea Butter.     Adopted at Step 5:      Proposed draft Regional Standard for Fermented Cooked Cassava Based Products; and      Proposed draft Regional Standard for Gnetum Spp leaves.     The Committee will continue to work on the following items:      Proposed draft Regional Standard for Unrefined Shea Butter;      Proposed draft Regional Standard for Fermented Cooked Cassava Based Products;      Proposed draft Regional Standard for Gnetum Spp leaves;      Priority Setting criteria for the establishment of work priorities as laid down in the Codex Procedural Manual;      Comments on the preparation of the new global Codex ***Strategic*** ***Plan***;      Food quality and safety situation in countries of the Region (on-line platform, prioritization of needs in the region and comments for future consideration);      Use of Codex Standards in the Region;      Proposed draft Standard on Dried Meat;      Discussion paper and project document on a Harmonized Food Law; and      Discussion paper/project on a Regional Standard for a Fermented Non-Alcoholic Cereal Based Drink (Mahewu).     U.S Participation: Yes (as observer).     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for Asia     The Committee (CCASIA) convened its 20th Session in New Delhi, India, September 26-30, 2016. The relevant document is REP 17/Asia. The following items were considered by the 40th Session of the Commission in July 2017.     Adopted at Step 5/8:      Proposed draft Regional Standard for Laver Products; and      Proposed draft Regional Code of Hygienic Practice for Street-Vended Foods in Asia.     Adopted:      Amendments to the CCASIA Regional Standards.     The committee will continue to work on the following items:      Report on the status of the Implementation of the Activities of the ***Strategic*** ***Plan*** Relevant to CCASIA;      Discussion paper and project document on the Development of a Regional Standard for Rice Based Low Alcohol Beverages (cloudy types);      Discussion paper and project document on the Development of a Regional Standard for Soybean Products Fermented with the Bacterium Bacillus Subtilis;      Discussion paper and project document on the Development of a Regional Standard for Quick Frozen Dumpling (Jiaozi);      Discussion paper and the project document on the Development of a Regional Standard/Code of Practice for Zongzi;      Emerging Issues as priorities for the CCASIA region; and      Information sharing on the Food Safety Control Systems.     U.S Participation: Yes (as observer).     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for Europe     The Committee (CCEUROPE) convened its 30th Session in Astana, Kazakhstan, October 3-7, 2016. The relevant document is REP 17/EURO.

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    The Committee will continue to work on the following items:      Survey on critical and emerging issues;      On-line Platform and information sharing on the Food Safety Control Systems;      Survey on the use of Codex Standards;      Relevant languages of the Codex Alimentarius Commission in the work of CCEUROPE; and      Consider funding translation and interpretation services into Russian for the effective operation of CCEUROPE.     U.S Participation: Yes (as observer).     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for Latin America and the Caribbean     The Coordinating Committee for Latin America and the Caribbean (CCLAC) convened its 20th Session in Vina del Mar, Chile, November 21- 25, 2016. The relevant document is REP 17/LAC. The following item was considered by the 40th Session of the Commission in July 2017.     Adopted:      Proposed draft Regional Standard for Yacon.     The Committee will continue to work on the following items:      Monitoring of the ***Strategic*** ***Plan*** for the CCLA;      Critical and Emerging Issues and prioritization of CCLAC issues within the framework of Codex Mandate;      Comments on the Food Safety Control Systems Platform;      Cross-cutting topics for the region and proposed draft standards and discussions seeking regional support; and      Proposal for the Development of a Standard for Yams.     U.S Participation: Yes (as observer).     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for the Near East     The Coordinating Committee for the Near East (CCNEA) held its 9th Session at FAO Headquarters in Rome, Italy, May 15-19, 2017. The relevant document is REP 17/NE.     The Committee forwarded the following items to the 40th Session of the Codex Alimentarius Commission for consideration:      Proposed draft Regional Standard for Doogh for adoption at step 5/8 and endorsement by the Codex Committee on Food Additives (CCFA) and the Codex Committee on Food Labeling (CCFL) of the relevant provisions within the draft standard;      Proposed draft Regional Standard for Zaatar for adoption at step 5.     U.S Participation: No.     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for North America and the South West Pacific (CCNASWP)     The Committee (CCNASWP) convened its 14th Session in Port Vila, Vanuatu, September 19-22, 2016. The relevant document is REP 17/NASWP. The following items were considered by the 40th Session of the Commission in July 2017.     The Committee will continue to work on the following items:      New work on the development of a Regional Standard for Kava as a beverage when mixed with cold water;      Recommendation that Vanuatu be re-appointed as Coordinator for North America and the South West Pacific;      Proposed draft Regional Standard for Fermented Noni-Juice;      Development of on-line platform for information on sharing food quality and safety systems.     U.S Participation: Yes.     Responsible Agency: USDA/FSIS/USCO.     Contact: U.S Codex Office, United States Department of ***Agriculture***, Room 4861, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-3700, Phone: (202) 205-7760, Fax: (202) 720-3157, Email: [*uscodex@fsis.usda.gov*](mailto:USCodex@fsis.usda.gov)

ATTACHMENT 2

U.S CODEX ALIMENTARIUS OFFICIALS

CODEX CHAIRPERSONS FROM THE UNITED STATES

Codex Committee on Food Hygiene Emilio Esteban, DVM, MBA, MPVM, Ph.D , Executive Associate for Laboratory Services, Office of Public Health Science, Food Safety and Inspection Service, U.S Department of ***Agriculture***, 950 College Station Road, Athens, GA 30605, Phone: (706) 546-3429, Fax: (706) 546-3428, Email: [*emilio.esteban@fsis.usda.gov*](mailto:emilio.esteban@fsis.usda.gov) Codex Committee on Processed Fruits and Vegetables Richard Boyd, Chief, Contract Services Branch, Specialty Crops Inspection Division, Specialty Crops ***Program***, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, 1400 Independence Avenue SW., Mail Stop 0247, Room 0726-South Building, Washington, DC 20250, Phone: (202) 690-1201, Fax: (202) 690-1527, Email: [*richard.boyd@ams.usda.gov*](mailto:richard.boyd@ams.usda.gov) Codex Committee on Residues of Veterinary Drugs in Foods Kevin Greenlees, Ph.D , DABT, Senior Advisor for Science and Policy, Office of New Animal Drug Evaluation, HFV-100, Center for Veterinary Medicine, U.S Food and Drug Administration, 7500 Standish Place, Rockville, MD 20855, Phone: (240) 402-0638, Fax: (240) 276-9538, [*kevin.greenlees@fda.hhs.gov*](mailto:kevin.greenlees@fda.hhs.gov)

U.S Delegates and Alternate Delegates

WORLDWIDE GENERAL CODEX SUBJECT COMMITTEES

Contaminants in Foods (Host Government--The Netherlands) U.S Delegate Dr. Lauren Posnick Robin, Branch Chief, Plant Products Branch, Division of Plant Products and Beverages, Office of Food Safety (HFS-317), Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-1369, [*Lauren.Robin@fda.hhs.gov*](mailto:Lauren.Robin@fda.hhs.gov) Alternate Delegate Terry Dutko, Ph.D , Laboratory Director, Office of Public Health Science, Food Safety and Inspection Service, 4300 Goodfellow Building, 105D Federal, St. Louis, MO 63120-0005, Phone: +1 (314) 263-2680 Ext. 344, [*Terry.Dutko@fsis.usda.gov*](mailto:Terry.Dutko@fsis.usda.gov) Food Additives (Host Government--China) U.S Delegate Paul S. Honigfort, Ph.D , Supervisory Consumer Safety Officer, Division of Food Contact Notifications (HFS-275), Office of Food Additive Safety, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-1206, Fax: +1 (301) 436-2965, [*Paul.Honigfort@fda.hhs.gov*](mailto:Paul.Honigfort@fda.hhs.gov) Alternate Delegate Daniel Folmer, Ph.D , Chemist, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, Room 3017 HFS-265, College Park, MD 20740, Phone: +1 (240) 402-1274, [*Daniel.Folmer@fda.hhs.gov*](mailto:Daniel.Folmer@fda.hhs.gov)

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Methods of Analysis and Sampling (Host Government--Hungary) U.S Delegate Gregory Noonan, Director, Division of Bioanalytical Chemistry, Division of Analytical Chemistry, Center for Food Safety and Applied Nutrition, Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2250, Fax: +1 (301) 436-2332, [*Gregory.Noonan@fda.hhs.gov*](mailto:Gregory.Noonan@fda.hhs.gov) Alternate Delegate Dr. Timothy Norden, Chief Scientist, Grain Inspection, Packers and Stockyards Administration (GIPSA), Technology & Science Division, U.S Department of ***Agriculture***, 10383 N. Ambassador Dr., Kansas City, MO 64153, USA, Phone: +1 (816) 891-0470, Fax: +1 (816) 872-1253, [*Timothy.D.Norden@usda.gov*](mailto:Timothy.D.Norden@usda.gov) Nutrition and Foods for Special Dietary Uses (Host Government--Germany) U.S Delegate Douglas Balentine, Director, Office of Nutrition, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, Room 4C096, College Park, MD, USA 20740-3835, Phone: +1 (240) 402-2373, [*Douglas.Balentine@fda.hhs.gov*](mailto:Douglas.Balentine@fda.hhs.gov) Alternate Delegate Pamela R. Pehrsson, Ph.D , Research Leader, USDA, ***Agricultural*** Research Service, Nutrient Data Laboratory, Room 105, Building 005, BARC-West, 10300 Baltimore Avenue, Beltsville, MD 20705, 301-504-0630 (voice), 301-504-0632 (fax), [*Pamela.Pehrsson@ars.usda.gov*](mailto:Pamela.Pehrsson@ars.usda.gov) Pesticide Residues (Host Government--China) U.S Delegate Captain David Miller, Chief, Chemistry & Exposure Branch, and Acting Chief, Toxicology & Epidemiology Branch, Health Effects Division, William Jefferson Clinton Building, 1200 Pennsylvania Avenue NW., Washington, DC 20460, Phone: +1 (703) 305-5352, Fax: +1 (703) 305-5147, [*Miller.Davidj@epa.gov*](mailto:Miller.Davidj@epa.gov) Alternate Delegate Dr. Pat Basu, Senior Leader, Chemistry, Toxicology & Related Sciences, Office of Public Health Science, Food Safety and Inspection Service, U.S Department of ***Agriculture***, 1400 Independence Ave. SW., Room 3805, Washington, DC 20250-3766, Phone: +1 (202) 690-6558, Fax: +1 (202) 690- 2364, [*Pat.Basu@fsis.usda.gov*](mailto:Pat.Basu@fsis.usda.gov) Residues of Veterinary Drugs in Foods (Host Government--United States) U.S Delegate Brandi Robinson, MPH, CPH ONADE International Coordinator, Center for Veterinary Medicine, U.S Food and Drug Administration, 7500 Standish Place, HFV-100, Rockville, MD 20855, Phone: +1 (240) 402-0645, [*Brandi.Robinson@fda.hhs.gov*](mailto:Brandi.Robinson@fda.hhs.gov) Alternate Delegate Charles Pixley, DVM, Ph.D , Director, Laboratory Quality Assurance Staff, Office of Public Health Science, Food Safety and Inspection Service, U.S Department of ***Agriculture***, 950 College Station Road, Athens, GA 30605, Phone: +1 (706) 546-3559, Fax: +1 (706) 546-3452, [*Charles.Pixley@fsis.usda.gov*](mailto:Charles.Pixley@fsis.usda.gov)

WORLDWIDE COMMODITY CODEX COMMITTEES (ACTIVE)

Cereals, Pulses and Legumes (Host Government--United States) U.S Delegate Dr. Henry Kim, Office of Food Safety, Senior Policy Analyst, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive (HFS-317), College Park, MD, USA 20740-3835, Phone: +1 (240) 402-2023, [*henry.kim@fda.hhs.gov*](mailto:henry.kim@fda.hhs.gov) Alternate Delegate Patrick McCluskey, Supervisory ***Agricultural*** Marketing Specialist,

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United States Department of ***Agriculture***, Grain Inspection, Packers and Stockyards Administration, 10383 N. Ambassador Drive, Kansas City, MO 64153, Phone: +1 (816) 659-8403, [*Patrick.J.Mccluskey@usda.gov*](mailto:Patrick.J.Mccluskey@usda.gov) Fats and Oils (Host Government--Malaysia) U.S Delegate Dr. Paul South, Director, Division of Plant Products and Beverages, Office of Food Safety (HFS-317), Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD, USA 20740-3835, Phone: +1 (240) 402-1640, Fax: +1 (301) 436-2632, [*Paul.South@fda.hhs.gov*](mailto:Paul.South@fda.hhs.gov) Alternate Delegate Robert A. Moreau, Ph.D , Research Leader, Eastern Regional Research Center, ***Agricultural*** Research Service, U.S Department of ***Agriculture***, 600 East Mermaid Lane, Wyndmoor, PA 19038, Phone: +1 (215) 233-6428, Fax: +1 (215) 233-6406, [*Robert.Moreau@ars.usda.gov*](mailto:Robert.Moreau@ars.usda.gov) Fresh Fruits and Vegetables (Host Government--Mexico) U.S Delegate Dorian LaFond, International Standards Coordinator, Fruit and Vegetables ***Program***, Specialty Crop Inspection Division, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, Mail Stop 0247, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-0247, Phone: +1 (202) 690-4944, Fax: +1 (202) 690-1527, [*Dorian.Lafond@usda.gov*](mailto:Dorian.Lafond@usda.gov) Alternate Delegate David T. Ingram, Ph.D , Consumer Safety Officer, Office of Food Safety, Fresh ***Produce*** Branch, Division of ***Produce*** Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, Room 3E027, College Park, MD, USA 20740-3835, Phone: +1 (240) 402-0335, [*David.Ingram@fda.hhs.gov*](mailto:David.Ingram@fda.hhs.gov) Milk and Milk Products (Host Government--New Zealand) U.S Delegate Christopher Thompson, Dairy Standardization Branch, Mail Stop 0230, Room 2742, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, 1400 Independence Avenue SW., Washington, DC 20250, Phone: +1 (202) 720-9382, Fax: +1 (844) 804-4701, [*Christopher.D.Thompson@ams.usda.gov*](mailto:Christopher.D.Thompson@ams.usda.gov) Alternate Delegate John F. Sheehan, Director, Division of Dairy, Egg and Meat Product Safety, Office of Food Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration (HFS-3 15), Harvey W. Wiley Federal Building, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-1488, Fax: +1 (301) 436-2632, [*John.Sheehan@fda.hhs.gov*](mailto:John.Sheehan@fda.hhs.gov) Processed Fruits and Vegetables (Host Government--United States) U.S Delegate Dorian LaFond, International Standards Coordinator, Fruit and Vegetables ***Program***, Specialty Crop Inspection Division, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, Stop 0247, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-0247, Phone: +1 (202) 690-4944, Fax: +1 (202) 690-1527, [*Dorian.Lafond@usda.gov*](mailto:Dorian.Lafond@usda.gov) Alternate Delegate Dr. Yinqing Ma, Branch Chief, Beverages Branch, Division of Plant Products and Beverages, Office of Food Safety (HFS-317), Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2479, Fax: +1 (301) 436-2632, [*Yinqing.Ma@fda.hhs.gov*](mailto:Yinqing.Ma@fda.hhs.gov) Spices and Culinary Herbs (Host Government--India) U.S Delegate Dorian LaFond, International Standards Coordinator, Fruit and Vegetables ***Program***, Specialty Crop Inspection Division, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, Mail Stop 0247, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-0247, Phone: +1 (202) 690-4944, Fax: +1 (202) 690-1527, [*Dorian.Lafond@usda.gov*](mailto:Dorian.Lafond@usda.gov) Alternate Delegate George C. Ziobro, Ph.D , Egg and Meat Products Branch, HFS-316, Division of Diary, Egg, and Meat Products, Office of Food Safety Center for Food Safety and Applied Nutrition, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-1965, [*George.Ziobro@fda.hhs.gov*](mailto:George.Ziobro@fda.hhs.gov) Sugars (Host Government--Colombia) U.S Delegate Dr. Chia-Pei Charlotte Liang, Chemist, Office of Food Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2785, [*Charlotte.Liang@fda.hhs.gov*](mailto:Charlotte.Liang@fda.hhs.gov)

WORLDWIDE COMMODITY CODEX COMMITTEES (ADJOURNED)

Cocoa Products and Chocolate (adjourned sine die 2001) (Host Government--Switzerland) U.S Delegate Michelle Smith, Ph.D , Senior Policy Analyst, Office of Food Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration (HFS-317), Harvey W. Wiley Federal Building, 5001 Campus Drive, College Park, MD 20740-3835, Phone: +1 (240) 402-2024, Fax: +1 (301) 436-2632, [*Michelle.Smith@fda.hhs.gov*](mailto:Michelle.Smith@fda.hhs.gov) Fish and Fishery Products (adjourned sine die 2016) (Host Government--Norway) U.S Delegate Dr. William R. Jones, Deputy Director, Office of Food Safety (HFS-300), U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2300, Fax: +1 (301) 436-2601, [*William.Jones@fda.hhs.gov*](mailto:William.Jones@fda.hhs.gov) Alternate Delegate Steven Wilson, Deputy Director, Office of International Affairs and Seafood Inspection, National Marine Fisheries Service, NOAA, U.S Department of Commerce, 1315 East-West Highway, Silver Spring, Maryland 20910, Phone: +1 (301) 427-8312, [*Steven.Wilson@noaa.gov*](mailto:Steven.Wilson@noaa.gov) Meat Hygiene (adjourned sine die 2003) (Host Government--New Zealand) U.S Delegate Vacant Natural Mineral Waters (adjourned sine die 2008) (Host Government--Switzerland) U.S Delegate Dr. Yinqing Ma, Branch Chief, Beverages Branch, Division of Plant Products and Beverages, Office of Food Safety (HFS-317), Center for Food Safety and Applied Nutrition,

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U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2479, Fax: +1 (301) 436-2632, [*Yinqing.Ma@fda.hhs.gov*](mailto:Yinqing.Ma@fda.hhs.gov) Vegetable Proteins (adjourned sine die 1989) (Host Government--Canada) U.S Delegate Vacant

AD HOC INTERGOVERNMENTAL TASK FORCES (DISSOLVED)

Animal Feeding (Dissolved 2013) (Host Government--Switzerland) U.S Delegate Daniel G. McChesney, Ph.D , Director, Office of Surveillance & Compliance, Center for Veterinary Medicine, U.S Food and Drug Administration, 7529 Standish Place, Rockville, MD 20855, Phone: +1 (240) 402-7140, Fax: +1 (240) 453-6880, [*Daniel.McChesney@fda.hhs.gov*](mailto:Daniel.McChesney@fda.hhs.gov) Alternate Delegate Dr. Patty Bennett, Humane Handling Enforcement Coordinator, Office of Field Operations Food Safety and Inspection Service, U.S Department of ***Agriculture***, 1400 Independence Avenue, Room 3155-S, Washington, DC 20250, Phone: +1 (202) 720-5397, [*Patty.Bennett@fsis.usda.gov*](mailto:Patty.Bennett@fsis.usda.gov) Antimicrobial Resistance (Re-established 2016) (Host Government--Republic of Korea) U.S Delegate Donald A. Prater, DVM, Assistant Commissioner for Food Safety Integration, Office of Foods and Veterinary Medicine, Food and Drug Administration, 10903 New Hampshire Avenue, Silver Spring, MD 20993, Tel: +1-301-348-3007, Email: [*donald.prater@fda.hhs.gov*](mailto:donald.prater@fda.hhs.gov) Alternate Delegate Neena Anandaraman, DVM, MPH, Veterinary Science Policy Advisor, Office of Chief Scientist, U.S Department of ***Agriculture***, DCWA2-339 Whitten Building, 1200 Independence Avenue SW., Washington, DC 20024, Tel: +1- 202-260-8789, Email: [*Neena.Anandaraman@osec.usda.gov*](mailto:Neena.Anandaraman@osec.usda.gov)

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[***FEDERAL REGISTER: International Standard-Setting Activities Pages 42061 - 42072 [FR DOC # 2017-18832]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDW-MHC1-F0YC-N2MK-00000-00&context=1516831)

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**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** Food Safety and Inspection Service [Docket No. FSIS-2017-0021] International Standard-Setting Activities AGENCY: Office of Food Safety, USDA. ACTION: Notice. ----------------------------------------------------------------------- SUMMARY: This notice informs the public of the sanitary and phytosanitary standard-setting activities of the Codex Alimentarius Commission (Codex), in accordance with section 491 of the Trade Agreements Act of 1979, as amended, and the Uruguay Round Agreements Act. This notice also provides a list of other standard-setting activities of Codex, including commodity standards, guidelines, codes of practice, and revised texts. This notice, which covers Codex activities during the time periods from June 1, 2016, to May 31, 2017, and June 1, 2017, to May 31, 2018, seeks comments on standards under consideration and recommendations for new standards. ADDRESSES: FSIS invites interested persons to submit their comments on this notice.

Comments may be submitted by one of the following methods:  Federal eRulemaking Portal: This Web site provides the ability to type short comments directly into the comment field on this Web page or attach a file for lengthier comments. Go to [*http://www.regulations.gov*](http://www.regulations.gov) Follow the on-line instructions at the Web site for submitting comments.      Mail, including CD-ROMs, etc.: Mail to the U.S Department of ***Agriculture*** (USDA), FSIS, 1400 Independence Avenue SW., Mailstop 3782, Room 8-163B, Washington, DC 20250-3700.      Hand- or courier-delivered items: Deliver to OPPD, RIMS, Docket Clearance Unit, Patriots Plaza 3, 355 E Street SW., Room 8-164, Washington, DC 20250-3700.     Instructions: All items submitted by mail or email are to include the Agency name and docket number FSIS-2017-0021. Comments received in response to this docket will be made available for public inspection and posted without change, including any personal information to   [*http://www.regulations.gov*](http://www.regulations.gov)     Please state that your comments refer to Codex and, if your comments relate to specific Codex committees, please identify the committee(s) in your comments and submit a copy of your comments to the delegate from that particular committee.     Docket: For access to background documents or comments received, visit the FSIS Docket Room at Patriots Plaza 3, 355 E Street SW., Room 8-164, Washington, DC 20250-3700, between 8:00 a.m and 4:30 p.m , Monday through Friday. A complete list of U.S delegates and alternate delegates can be found in Attachment 2 of this notice.

FOR FURTHER INFORMATION CONTACT: Mary Frances Lowe, United States Manager for Codex Alimentarius, U.S Department of ***Agriculture***, Office of Food Safety, South ***Agriculture*** Building, 1400 Independence Avenue SW., Room 4861, Washington, DC 20250-3700; Telephone: (202) 205-7760; Fax: (202) 720-3157; Email: [*USCodex@fsis.usda.gov*](mailto:USCodex@fsis.usda.gov)     For information pertaining to particular committees, contact the delegate of that committee. Documents pertaining to Codex and specific committee agendas are accessible via the Internet at [*http://www.codexalimentarius.org/meetings-reports/en/*](http://www.codexalimentarius.org/meetings-reports/en/). The U.S Codex Office also maintains a Web site at   [*http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/us-codex-alimentarius*](http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/us-codex-alimentarius).

SUPPLEMENTARY INFORMATION:

Background

    The World Trade Organization (WTO) was established on January 1, 1995, as the common international institutional framework for the conduct of trade relations among its members in matters related to the Uruguay Round Trade Agreements. The WTO is the successor organization to the General Agreement on Tariffs and Trade (GATT). United States membership in the WTO was approved and the Uruguay Round Agreements Act (Uruguay Round Agreements) was signed into law by the President on December 8, 1994, Public Law 103-465, 108 Stat. 4809. The Uruguay Round Agreements became effective, with respect to the United States, on January 1, 1995. The Uruguay Round Agreements amended the Trade Agreements Act of 1979. Pursuant to section 491 of the Trade Agreements Act of 1979, as amended, the President is required to designate an agency to be ``responsible for informing the public of the sanitary and phytosanitary (SPS) standard-setting activities of each international standard-setting organization'' (19 U.S.C 2578). The main international standard-setting organizations are Codex, the World Organisation for Animal Health, and the International Plant Protection Convention. The President, pursuant to Proclamation No. 6780 of March 23, 1995, (60 FR 15845), designated the U.S Department of ***Agriculture*** as the agency responsible for informing the public of the SPS standard- setting activities of each international standard-setting organization. The Secretary of ***Agriculture*** has delegated to the Office of Food Safety the responsibility to inform the public of the SPS standard-setting activities of Codex. The Office of Food Safety has, in turn, assigned the responsibility for informing the public of the SPS standard-setting activities of Codex to the U.S Codex Office (USCO).     Codex was created in 1963 by two United Nations organizations, the Food and ***Agriculture*** Organization (FAO) and the World Health Organization (WHO). Codex is the principal international organization for establishing standards for food. Through adoption of food standards, codes of practice, and other guidelines developed by its committees and by promoting their adoption and implementation by governments, Codex seeks to protect the health of consumers, ensure fair practices in the food trade, and promote coordination of food standards work undertaken by international governmental and nongovernmental organizations. In the United States, U.S Codex activities are managed and carried out by the United States Department of ***Agriculture*** (USDA); the Food and Drug Administration (FDA), Department of Health and Human Services (HHS); the National Oceanic and Atmospheric Administration (NOAA), Department of Commerce (DOC); and the Environmental Protection Agency (EPA).     As the agency responsible for informing the public of the SPS standard-setting activities of Codex, the Office of Food Safety publishes this notice in the Federal Register annually. Attachment 1 (Sanitary and Phytosanitary Activities of Codex) sets forth the following information:     1. The SPS standards under consideration or ***planned*** for consideration; and

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    2. For each SPS standard specified:     a. A description of the consideration or ***planned*** consideration of the standard;     b. Whether the United States is participating or ***plans*** to participate in the consideration of the standard;     c. The agenda for United States participation, if any; and     d. The agency responsible for representing the United States with respect to the standard.     TO OBTAIN COPIES OF THE STANDARDS LISTED IN ATTACHMENT 1, PLEASE CONTACT THE CODEX DELEGATE, U.S CODEX OFFICE, OR VISIT THE CODEX ALIMENTARIUS WEBSITE: [*http://www.fao.org/fao-who-codexalimentarius/standards/en/*](http://www.fao.org/fao-who-codexalimentarius/standards/en/).     This notice also solicits public comment on standards that are currently under consideration or ***planned*** for consideration and recommendations for new standards. The delegate, in conjunction with the responsible agency, will take the comments received into account in participating in the consideration of the standards and in proposing matters to be considered by Codex.     The U.S delegate will facilitate public participation in the United States Government's activities relating to Codex. The U.S delegate will maintain a list of individuals, groups, and organizations that have expressed an interest in the activities of the Codex Committees and will disseminate information regarding U.S delegation activities to interested parties. This information will include the status of each agenda item; the U.S Government's position or preliminary position on the agenda items; and the time and place of ***planning*** meetings and debriefing meetings following the Codex committee sessions. In addition, the U.S Codex Office makes much of the same information available through its Web page at   [*http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/us-codex-alimentarius*](http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/us-codex-alimentarius). If you would like to access or receive information about specific committees, please visit the Web page or notify the appropriate U.S delegate or the U.S Codex Office, Room 4861, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-3700 ([*uscodex@fsis.usda.gov*](mailto:USCodex@fsis.usda.gov)).     The information provided in Attachment 1 describes the status of Codex standard-setting activities by the Codex Committees for the time periods from June 1, 2016, to May 31, 2017, and June 1, 2017, to May 31, 2018. Attachment 2 provides a list of U.S Codex Officials (including U.S delegates and alternate delegates). A list of forthcoming Codex sessions may be found at:   [*http://www.codexalimentarius.org/meetings-reports/en/*](http://www.codexalimentarius.org/meetings-reports/en/).

Additional Public Notification

    Public awareness of all segments of rulemaking and policy development is important. FSIS will announce this Federal Register publication on-line through the FSIS Web page located at: [*http://www.fsis.usda.gov/federal-register*](http://www.fsis.usda.gov/federal-register).     FSIS also will make copies of this publication available through the FSIS Constituent Update, which is used to provide information regarding FSIS policies, procedures, regulations, Federal Register notices, FSIS public meetings, and other types of information that could affect or would be of interest to our constituents and stakeholders. The Update is available on the FSIS Web page. Through the Web page, FSIS is able to provide information to a much broader, more diverse audience. In addition, FSIS offers an email subscription service which provides automatic and customized access to selected food safety news and information. This service is available at:   [*http://www.fsis.usda.gov/subscribe*](http://www.fsis.usda.gov/subscribe).     Options range from recalls to export information, regulations, directives, and notices. Customers can add or delete subscriptions themselves, and have the option to password protect their accounts.

    Done at Washington, DC, on August 31, 2017. Mary Frances Lowe, U.S Manager for Codex Alimentarius.

Attachment 1:

Sanitary and Phytosanitary Activities of Codex

Codex Alimentarius Commission and Executive Committee     The Codex Alimentarius Commission convened for its 40th Session July 17-July 22, 2017, in Geneva, Switzerland. At that session, the Commission adopted standards recommended by Committees at Step 8 or Step 5/8, and it advanced the work of Committees by adopting draft standards at Step 5. The Commission also considered proposals for new work as well as proposed standards, codes of practice, amendments to the Procedural Manual, and related matters forwarded to the Commission by the general subject committees, commodity committees, and regional coordinating committees. In particular, the Commission considered proposals for new work by the Task Force on Antimicrobial Resistance; the Regular Review of Codex Work Management (electronic working groups); FAO/WHO Scientific Support for Codex; FAO/WHO Capacity Development and Trust Fund Activities; Relations between Codex and Other International Organizations; financial and budgetary issues; Election of the Chairperson, Vice-Chairpersons, and Members of the Executive Committee; and designation of Countries responsible for appointing the Chairpersons of Codex Subsidiary Bodies.     Before the Commission session, the Executive Committee met at its 73rd Session, July 10-13, 2017. It was composed of the chairperson; vice-chairpersons; seven members elected from the Commission from each of the following geographic regions: Africa, Asia, Europe, Latin America and the Caribbean, Near East, North America, and South-West Pacific; and regional coordinators from the six regional committees. Canada was the elected representative from North America; the United States participated as an advisor. The Executive Committee conducted a critical review of the elaboration of Codex standards and considered Revitalization of the FAO/WHO Regional Coordinating Committees; Implementation Status of the 2014-2019 ***Strategic*** ***Plan*** and Preparation of the 2020-2025 ***Strategic*** ***Plan***; Committees Working by Correspondence; Codex and Sustainable Development Goals; FAO/WHO Scientific Support for Codex work; Relations between FAO and WHO Policies, Strategies and Guidelines and Codex Work; and financial and budgetary issues.     U.S Participation: Yes.     Responsible Agency: USDA/FSIS/USCO. Codex Committee on Residues of Veterinary Drugs in Foods     The Codex Committee on Residues of Veterinary Drugs in Foods (CCRVDF) determines priorities for the consideration of residues of veterinary drugs in foods and recommends Maximum Residue Limits (MRLs) for veterinary drugs. The Committee also develops codes of practice, as may be required, and considers methods of sampling and analysis for the determination of veterinary drug residues in food. A veterinary drug is defined as any substance applied or administered to any food ***producing*** animal, such as meat or milk ***producing*** animals, poultry, fish, or bees, whether used for therapeutic, prophylactic or

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diagnostic purposes, or for modification of physiological functions or behavior.     A Codex Maximum Residue Limit (MRL) for residues of veterinary drugs is the maximum concentration of residue resulting from the use of a veterinary drug (expressed in mg/kg or ug/kg on a fresh weight basis) that is recommended by the Codex Alimentarius Commission to be permitted or recognized as acceptable in or on a food. Residues of a veterinary drug include the parent compounds or their metabolites in any edible portion of the animal product, and include residues of associated impurities of the veterinary drug concerned. An MRL is based on the type and amount of residue considered to be without any toxicological hazard for human health as expressed by the Acceptable Daily Intake (ADI) or on the basis of a temporary ADI that utilizes an additional safety factor. When establishing an MRL, consideration is also given to residues that occur in food of plant origin or the environment. Furthermore, the MRL may be reduced to be consistent with official recommended or authorized usage, approved by national authorities, of the veterinary drugs under practical conditions.     An ADI is an estimate made by the Joint FAO/WHO Expert Committee on Food Additives (JECFA) of the amount of a veterinary drug, expressed on a body weight basis, which can be ingested daily in food over a lifetime without appreciable health risk.     The Committee convened for its 23rd Session in Houston, Texas, October 17-21, 2016. The relevant document is REP17/RVDF. The following items were considered for adoption by the 40th Session of the Commission in July 2017:     Adopted at Step 5/8:      Proposed draft MRLs for Lasalocid sodium (chicken, turkey, quail and pheasant kidney, liver, muscle, skin+fat); ivermectin (cattle fat, kidney, liver, muscle); and teflubenzuron (salmon filet, muscle).     Adopted at Step 5:      Proposed draft Risk Management Recommendation for gentian violet.     The Committee will continue to work on the following items:      Proposed draft MRLs for zilpaterol hydrochloride (cattle fat, kidney, liver, muscle);      Draft Priority List of Veterinary drugs requiring evaluation or re-evaluation by JECFA;      Discussion paper on MRLs for groups of fish species;      Request for scientific advice to the FAO and WHO to address the issue of unavoidable and unintended residues of approved veterinary drugs in foods resulting from carry-over of veterinary drugs in feed;      Database of countries' needs for MRLs;      Analysis of the results of the global survey to provide information to the CCRVDF to move compounds from the database on countries' needs for MRLs to the JECFA priority list;      Discussion paper on the evaluation of the rationale for the decline in new compounds to be included in the CCRVDF priority list for evaluation by JECFA;      Discussion paper on edible offal tissues (possible definition and edible offal tissues of interest in international trade); and      Discussion paper on the revision of the criteria for the use of multi-residue analytical methods for the determination and identification of veterinary drugs in foods.     Work on the following items has been discontinued:      Proposed draft MRL for ivermectin (cattle muscle);      Discussion paper on unintended presence of residues of veterinary drugs in food commodities resulting from the carry-over of drug residues; and      Discussion paper on the establishment of a rating system to establish priority for CCRVDF work.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA/Center for Veterinary Medicine; USDA/ FSIS. Codex Committee on Contaminants in Foods     The Codex Committee on Contaminants in Foods (CCCF) establishes or endorses permitted maximum levels (MLs) or guideline levels for contaminants and naturally occurring toxicants in food and feed; prepares priority lists of contaminants and naturally occurring toxicants for risk assessment by the Joint FAO/WHO Expert Committee on Food Additives; considers and elaborates methods of analysis and sampling for the determination of contaminants and naturally occurring toxicants in food and feed; considers and elaborates on standards or codes of practice for related subjects; and considers other matters assigned to it by the Commission in relation to contaminants and naturally occurring toxicants in food and feed.     The Committee convened for its 11th Session in Rio de Janeiro, Brazil, April 3-7, 2017. The relevant document is REP17/CF. The following items were considered for adoption by the 40th Session of the Commission in July 2017:     Adopted:      MLs for lead and arsenic in fish oils (amendment-inclusion of fish oils).     Adopted at Step 5, 5/8 & 8:      Proposed draft and draft MLs for lead in selected processed fruits and vegetables (revision of MLs, accompanied by proposed revocations of corresponding existing MLs when the Commission adopts final new MLs).     Adopted at Step 5/8:      Proposed draft code of practice (COP) for the prevention and reduction of arsenic contamination in rice;      Annex on ergot and ergot alkaloids in cereal grains (annex to the COP for the prevention and reduction of mycotoxin contamination in cereals); and      Proposed draft COP for the prevention and reduction of mycotoxin contamination in spices.     The Committee will continue working on:      MLs for total aflatoxins in ready to eat peanuts (establishment of MLs);      MLs for lead in selected commodities in the General Standard for Contaminants and Toxins in Food and Feed;      MLs for cadmium in chocolate and cocoa-derived products (establishment of MLs);      MLs for mycotoxins in spices;      MLs for methylmercury in fish;      Revision of the COP for the prevention and reduction of dioxins and dioxin-like polychlorinated biphenyls in food and feed;      Code of Practice for the reduction of 3-MCPD and glycidyl esters in refined oils and products made with refined oils;      Guidelines (best practice) for risk analysis of chemicals in advertently present in food at low levels;      Establishment of ML for hydrocyanic acid in fermented cooked cassava-based products and occurrence of mycotoxins in these products;      Structured approach to prioritize commodities not in the General Standard for Contaminants and Toxins in Food and Feed for which new MLs for lead could be established;      Aflatoxins and sterigmatocystin in cereals;      Development of a COP for the prevention and reduction of cadmium contamination in cocoa;      Forward work ***plan*** for CCCF; and      Priority list of contaminants and naturally occurring toxicants proposed for evaluation by JECFA.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/FSIS. Codex Committee on Food Additives     The Codex Committee on Food Additives (CCFA) establishes or endorses acceptable MLs for individual

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food additives; prepares a priority list of food additives for risk assessment by the Joint FAO/WHO Expert Committee on Food Additives (JECFA); assigns functional classes to individual food additives; recommends specifications of identity and purity for food additives for adoption by the Codex Alimentarius Commission; considers methods of analysis for the determination of additives in food; and considers and elaborates standards or codes of practice for related subjects, such as the labeling of food additives when sold as such. The 49th Session of the Committee convened in Macao SAR, China, March 20-24, 2017. The relevant document is REP17/FA. Immediately before the Plenary Session there was a two-day physical Working Group on the General Standard for Food Additives (GSFA) chaired by the United States.     The following were considered by the 40th Session of the Commission in July 2017:     Adopted at Step 5/8:      Proposed draft specifications for the identity and purity of food additives; and      Proposed draft amendments to the Class Names and International Numbering System (INS) for Food Additives (CAC/GL 36- 1989).     Adopted at Step 8 & 5/8:      Draft and proposed draft food additive provisions of the GSFA.     Adopted:      Amendment to the Introduction of the List of Codex Specifications for Food Additives (CAC/MISC 6);      Revised food additive provisions of the GSFA related to the alignment of the standards for frozen fish products and of the Standards for Certain Canned Citrus Fruits (CODEX STAN 254-2007), Preserved Tomatoes (CODEX STAN 13-1981), Processed Tomato Concentrates (CODEX STAN 57-1981), and Table Olives (CODEX STAN 66-1981), and the EDTA provisions of the Standard for Canned Shrimps or Prawns (CODEX STAN 37-1981); and      Revised food additive sections of the Standards for Preserved Tomatoes (CODEX STAN 13-1981), Processed Tomato Concentrates (CODEX STAN 57-1981), Quick Frozen Fin-Fish, Uneviscerated and Eviscerated (CODEX STAN 36-1981), Quick Frozen Shrimps or Prawns (CODEX STAN 92-1981), Quick Frozen Lobsters (CODEX STAN 95-1981), Quick Frozen Blocks of Fish Filets (CODEX STAN 190-1995), Quick Frozen Fish Fillet, Quick Frozen Fish Sticks (Fish Fingers), Fish Portions and Fish Fillets--Breaded and in Batter (CODEX STAN 166-1989), and Fresh and Quick Frozen Raw Scallop Products (CODEX STAN 315-2014).     The Committee will continue working on:      Draft and proposed draft food additive provisions of the GSFA with an electronic working group (eWG) led by the United States);      Proposals for additions and changes to the Priority List of Substances Proposed for Evaluation by JECFA:     [cir] The Committee noted that there are no specifications for sodium sorbate (INS 201). The Committee agreed that if a commitment is not made to provide sufficient data for the development of specifications at its next session (CCFA 50, 2018) sodium sorbate will be taken off of the priority list and existing adopted provisions for this additive in the GSFA and Codex Commodity Standards will be revoked.      Alignment of the food additive provisions of commodity standards and relevant provisions of the GSFA; revised approach to listing commodity standards in Table 3 of the GSFA; and guidance for commodity committees in the alignment (eWG led by Australia and the United States);      Revision of the Class Names and the International Numbering System for Food Additives (eWG led by Iran & Belgium);      New or revised provisions of the GSFA with a physical working group (pWG) led by the United States;      Discussion on the use of nitrates (INS 251, 252) and nitrites (INS 249, 250) (eWG led by the European Union and the Netherlands);      Discussion paper on the use of the terms ``unprocessed'' and ``plain'' in the GSFA (Russian Federation); and      Discussion paper on the ``Future Strategies for CCFA'' (Australia, Canada, China, Iran, and United States).     The Committee also agreed to hold a two-day physical Working Group on the GSFA immediately preceding the 50th Session of the CCFA in 2018, to be chaired by the United States. That group will discuss:      The recommendations of the eWG on the GSFA on food additive provisions to be circulated for comment;      New proposals and proposed revisions of food additive provisions in the GSFA; and      Recommendations on the use of food additives in processed cheese.     U.S Participation: Yes.     Responsible Agency: HHS/FDA. Codex Committee on Pesticide Residues     The Codex Committee on Pesticide Residues (CCPR) is responsible for establishing maximum residue limits (MRLs)for pesticide residues in specific food items or in groups of food; establishing MRLs for pesticide residues in certain animal feeding stuffs moving in international trade where this is justified for reasons of protection of human health; preparing priority lists of pesticides for evaluation by the Joint FAO/WHO Meeting on Pesticide Residues (JMPR); considering methods of sampling and analysis for the determination of pesticide residues in food and feed; considering other matters in relation to the safety of food and feed containing pesticide residues; and establishing maximum limits for environmental and industrial contaminants showing chemical or other similarity to pesticides in specific food items or groups of food.     The 49th Session of the Committee met in Beijing, China, April 24- 29, 2017. The relevant document is REP17/PR. The following items were considered at the 40th Session of the Codex Alimentarius Commission in July 2017:     Adopted at Step 8 & 5/8:      Draft and proposed draft Maximum Residue Limits (MRLs) for pesticides in food and feed;      Draft and proposed draft Revision of the Classification of Food and Feed (Vegetable Commodity Groups);      Proposed draft Table 2 with examples of representative commodities for vegetable commodity groups, for inclusion in the Principles and Guidance for the Selection of Representative Commodities for the Extrapolation of MRLs for Pesticides to Commodity Groups;      Draft and proposed draft Revision of the Classification of Food and Feed (Grasses); and      Proposed draft Table 3 with examples of representative commodities for grasses, for inclusion in the Principles and Guidance for the Selection of Representative Commodities for the Extrapolation of MRLs for Pesticides to Commodity Groups.     Adopted at Step 5:      Proposed draft Revision of the Classification of Food and Feed (Seeds for Beverages and Sweets).     Adopted at Step 8:      Draft Guidelines on Performance Criteria for Methods of Analysis for the Determination of Pesticide Residues in Food and Feed.     The Committee will continue working on:      Draft MRLs for pesticides;      Proposed draft MRLs for pesticides;      Proposed draft and draft revisions of the Classification of Food and Feed for selected commodity groups, including seeds for beverages and sweets;

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     Discussion paper on the possible review of the International Estimate of Short-Tern Intake (IESTI) Equations;      Establishment Codex Schedules and Priority Lists of Pesticides;      Information on National Registrations of Pesticides; and      Discussion paper on the Establishment of a Codex Database of National Registrations of Pesticides.     U.S Participation: Yes.     Responsible Agencies: EPA; USDA/FSIS. Codex Committee on Methods of Analysis and Sampling     The Codex Committee on Methods of Analysis and Sampling (CCMAS) defines the criteria appropriate to Codex Methods of Analysis and Sampling; serves as a coordinating body for Codex with other international groups working on methods of analysis and sampling and quality assurance systems for laboratories; specifies, on the basis of final recommendations submitted to it by the bodies referred to above, reference methods of analysis and sampling appropriate to Codex standards which are generally applicable to a number of foods; considers, amends if necessary, and endorses as appropriate, methods of analysis and sampling proposed by Codex commodity committees, except for methods of analysis and sampling for residues of pesticides or veterinary drugs in food, the assessment of microbiological quality and safety in food, and the assessment of specifications for food additives; elaborates sampling ***plans*** and procedures, as may be required; considers specific sampling and analysis problems submitted to it by the Commission or any of its Committees; and defines procedures, protocols, guidelines or related texts for the assessment of food laboratory proficiency, as well as, quality assurance systems for laboratories.     The 38th Session of the Committee met in Budapest, Hungary, May 8- 12, 2017. The relevant document is REP17/MAS. The following items were considered by the Commission at its 40th Session in July 2017:     Adopted:      Methods of Analysis and Sampling in Codex Standards; and      Amendment to the Procedural Manual to refer to the sum of components.     The Committee will continue working on:      Criteria for endorsement of biological methods to detect chemicals of concern;      Follow-up work on the review and update of Codex Stan 234- 1999;      Future Work on database for Codex Methods of Analysis and Sampling ***Plans***;      Information document on Practical Examples on the Selection of Appropriate Sampling ***Plans***;      Proposals to amend the Guidelines on Measurement Uncertainty; and      Proposal to amend the General Guidelines on Sampling.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/Grain Inspection, Packers and Stockyards Administration. Codex Committee on Food Import and Export Inspection and Certification Systems     The Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS) is responsible for developing principles and guidelines for food import and export inspection and certification systems, with a view to harmonizing methods and procedures that protect the health of consumers, ensure fair trading practices, and facilitate international trade in foodstuffs; developing principles and guidelines for the application of measures by the competent authorities of exporting and importing countries to provide assurance, where necessary, that foodstuffs comply with requirements, especially statutory health requirements; developing guidelines for the utilization, as and when appropriate, of quality assurance systems to ensure that foodstuffs conform with requirements and promote the recognition of these systems in facilitating trade in food products under bilateral/multilateral arrangements by countries; developing guidelines and criteria with respect to format, declarations, and language of such official certificates as countries may require with a view towards international harmonization; making recommendations for information exchange in relation to food import/export control; consulting as necessary with other international groups working on matters related to food inspection and certification systems; and considering other matters assigned to it by the Commission in relation to food inspection and certification systems.     The 23rd Session of the Committee convened in Mexico City, Mexico, May 1-5, 2017. The relevant document is REP17/FICS. There following items were considered by the Commission at its 40th Session in July 2017:     Adopted at Step 8:      Draft Principles and Guidelines for Monitoring the Performance of National Food Control Systems.     The Committee will continue working on the following items:      New work on guidance on the use of systems equivalence;      New work on guidance on paperless use of electronic certificates (Revision of Guidelines for Design, Production, Issuance and Use of Generic Official Certificates);      New work on guidance on regulatory approaches to third party assurance schemes in food safety and fair practices in the food trade;      Discussion paper on food integrity and food authenticity;      Discussion paper on consideration of emerging issues and future directions for the work of the Codex Committee on Food Import and Export Inspection and Certification Systems;      Framework for the preliminary assessment and identification of priority areas for CCFICs; and      Inter-sessional physical working groups: trial broadcast via Webinar.     U.S Participation: Yes.     Responsible Agencies: USDA/FSIS; HHS/FDA. Codex Committee on Food Labelling     The Codex Committee on Food Labelling (CCFL) drafts provisions on labeling applicable to all foods; considers, amends, and endorses draft specific provisions on labeling prepared by the Codex Committees drafting standards, codes of practice, guidelines; and studies specific labeling problems assigned by the Codex Alimentarius Commission. The Committee also studies problems associated with the advertisement of food with particular reference to claims and misleading descriptions.     The Committee will convene its 44th Session in Asuncion, Paraguay, October 16-20, 2017. The Committee will continue to discuss the following items:      Revision of the General Standard for the Labelling of Prepackaged Foods (GSLPF): Date Marking (proposed draft);      Guidance for the labelling of non-retail containers;      Consumer preference claims (discussion paper);      Front-of-pack labelling (discussion paper); and      Future work (discussion paper).     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/FSIS. Codex Committee on Food Hygiene     The Codex Committee on Food Hygiene (CCFH):

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     Develops basic provisions on food hygiene, applicable to all food or to specific food types;      Considers and amends or endorses provisions on food hygiene contained in Codex commodity standards and codes of practice developed by other Codex commodity committees;      Considers specific food hygiene problems assigned to it by the Commission;      Suggests and prioritizes areas where there is a need for microbiological risk assessment at the international level and develops questions to be addressed by the risk assessors; and      Considers microbiological risk management matters in relation to food hygiene and in relation to the FAO/WHO risk assessments.     The Committee convened for its 48th Session in Los Angeles, CA, November 7-11, 2016. The relevant document is REP 17/FH. The following items were considered by the 40th Session of the Commission in July 2017:     Adopted at Step 5/8:      Proposed draft Revision of the Code of Hygienic Practice for Fresh Fruits and Vegetables.     Endorsed with modifications:      Proposed draft Regional Code of Hygienic Practice for Street-Vended Foods in Asia.     The Committee will continue working on:      Proposed draft Revision of the General Principles of Food Hygiene and its HACCP Annex;      Proposed draft Guidance on Histamine Control;      New work proposals/forward work ***plan***; and      Discussion paper on future work on Shiga Toxin-***Producing*** Escherichia coli (STEC).     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/FSIS. Codex Committee on Fresh Fruits and Vegetables     The Codex Committee on Fresh Fruits and Vegetables (CCFFV) is responsible for elaborating worldwide standards and codes of practice, as may be appropriate for fresh fruits and vegetables; for consulting as necessary, with other international organizations in the standards development process to avoid duplication.     The Committee will convene its 20th Session in Kampala, Uganda, October 2-6, 2017.     The committee will continue to discuss the following items:      Matters arising from the Codex Alimentarius Commission and other Committees;      Matters arising from other international organizations on the standardization of fresh fruits and vegetables;      Draft Standard for Aubergines;      Draft Standard for Garlic;      Draft Standard for Kiwifruit;      Draft Standard for Ware Potatoes;      Draft Standard for Fresh Dates;      Proposals for new work on Codex standards for fresh fruits and vegetables;      Proposed layout for Codex standard for fresh fruits and vegetables (outstanding issues);      Discussion paper on glossary of terms used in the layout for Codex standards for fresh fruits and vegetables; and      Other Business.     U.S Participation: Yes.     Responsible Agencies: USDA/***Agricultural*** Marketing Service (AMS); HHS/FDA. Codex Committee on Nutrition and Foods for Special Dietary Uses     The Codex Committee on Nutrition and Foods for Special Dietary Uses (CCNFSDU) is responsible for studying nutrition issues referred to it by the Codex Alimentarius Commission. The Committee also drafts general provisions, as appropriate, on nutritional aspects of all foods and develops standards, guidelines, or related texts for foods for special dietary uses in cooperation with other committees where necessary; considers, amends if necessary, and endorses provisions on nutritional aspects proposed for inclusion in Codex standards, guidelines, and related texts.     The Committee convened for its 38th Session in Hamburg, Germany, December 5-9, 2016. The reference document is REP 17/NFSDU. The following items were considered by the Commission at its 40th Session in July 2017:     Adopted:      Proposed amendments to section 6, paragraph 33 of the nutritional risk analysis principles in the Codex Procedural Manual to refer to the Joint Expert Meeting on Nutrition (JEMNU) as a primary source of scientific advice to the Committee;      Editorial amendments to the Guidelines on Nutrition Labelling;      Editorial amendments to various CCNFSDU standards with respect to flavoring; and      Nutrient Reference Values-Requirements (NRV-R) for Vitamins D and E and the conversion factors for Vitamin E equivalents.     The Committee will continue working on:      NRV-R's for older infants and young children;      Revision of the Codex Standard for Follow-Up Formula (Section A: proposed draft essential composition and quality factors; Section B: certain essential composition and quality factors--young children);      Review of other sections of the Standard for Follow-up Formula;      Proposed draft Definition for Bio-fortification;      Proposed draft Nutrient Reference Values-Non-Communicable Diseases (NRV-NCD) for EPA and DHA long chain omega-3 fatty acids;      Proposed draft Guidelines for Ready-to-Use Therapeutic Foods;      Claim for ``free'' of trans fatty acids;      Mechanism/framework for considering technological justification/consider or confirm technological justification for certain food additives;      Methods of analysis for provisions in the standard for infant formula and formulas for special medical purposes intended for infants; and      Consideration of possible Guidance on Digestible Indispensable Amino Acid Score for protein quality assessment.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/***Agricultural*** Research Service (ARS). Ad hoc Codex Intergovernmental Task Force on Antimicrobial Resistance     The Ad hoc Codex Intergovernmental Task Force on Antimicrobial Resistance (TFAMR) is responsible for (1) reviewing and revising, as appropriate, the Code of Practice to Minimize and Contain Antimicrobial Resistance (CAC/RCP 61-2005) to address the entire food chain, in line with the mandate of Codex; and (2) considering the development of Guidance on Integrated Surveillance of Antimicrobial Resistance, taking into account the guidance developed by the WHO Advisory Group on Integrated Surveillance of Antimicrobial Resistance (AGISAR) and relevant World Organisation for Animal Health (OIE) documents. The objective of the Task Force is to develop science-based guidance on the management of foodborne antimicrobial resistance, taking full account of the WHO Global Action ***Plan*** on Antimicrobial Resistance, in particular objectives 3 and 4, the work and standards of relevant international organizations, such as FAO, WHO, and OIE, and the One- Health approach, to ensure members have the necessary guidance to enable coherent management of antimicrobial resistance along the food chain. The Task Force is expected to complete its work within three (or a maximum of four) sessions.

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    The Task force will convene for its 1st Session in the Republic of Korea, November 27--December 1, 2017.     U.S Participation: Yes.     Responsible Agencies: FDA/USDA. Codex Committee on Fats and Oils     The Codex Committee on Fats and Oils (CCFO) is responsible for elaborating worldwide standards for fats and oils of animal, vegetable, and marine origin, including margarine and olive oil.     The Committee convened for its 25th Session in Kuala Lumpur, Malaysia, February 27-March 3, 2017. The relevant document is REP17/FO- Rev. The following items were considered by the Commission at its 40th Session in July 2017:     Adopted at Step 8:      Draft Standard for Fish Oils.     Adopted at Step 5/8:      Proposed draft Revision to the Standard for Olive Oils and Olive Pomace Oils (Codex Stan 210-1999): Revision of the Limits for Campesterol; and      Proposed draft Revision to the Standard for Named Vegetable Oils: Revision of Quality Parameters for Peanut Oil.     Adopted at Step 5:      Proposed draft Revision to the Standard for Named Vegetable Oils: Addition of Palm Oil with High Oleic Acid.     Adopted:      Amendment to the Sections on Flavourings of Codex Standard 19-1981 (Section 3.3), Codex Stan 210-1999 (Section 4.1), and Codex Stan 256-2007; and      Amendment to Section 2 in the Appendix of the Standard for Named Vegetable Oils: fatty acid range of crude rice bran oil.     Approved as new work:      Revision of the Standard for Named Vegetable Oils: Essential composition of sunflower seed oils;      Revision of the Standard for Named Vegetable Oils: Inclusion of walnut oil, almond oil, hazelnut oil, pistachio oil, flaxseed oil, and avocado oil;      Revision of the Standard for Named Vegetable Oils: Replacement of acid value with free fatty acids for virgin palm oil and inclusion of free fatty acids for crude palm kernel oil; and      Revision of the Standard for Olive Oils and Pomace Olive Oils (Codex Stan 33-1981).     The Committee will continue working on:      Gathering information on technical difficulties in the implementation of the fish oil standard, specifically on monitoring its application with respect to the conformity of named fish oils with the requirements (especially the fatty acid profile) and its effect on trade;      Alignment of food additives provisions in standards for fats and oils (except fish oils) and technological justification for use of emulsifiers;      Considering proposals for new substances to be added to the list of acceptable previous cargoes;      Providing relevant information (if available from Member countries) to JECFA on the 23 substances on the list of acceptable previous cargoes currently on the list; and      Discussion paper on the applicability of the fatty acid composition of all oils listed in Table 1 in relation to the fatty acid composition of corresponding crude (unrefined) form in the Standard for Named Vegetable Oils.     U.S Participation: Yes.     Responsible Agencies: HHS/FDA; USDA/***Agricultural*** Research Service (ARS). Codex Committee on Processed Fruits and Vegetables     The Codex Committee on Processed Fruits and Vegetables (CCPFV) is responsible for elaborating worldwide standards and related texts for all types of processed fruits and vegetables including, but not limited to canned, dried, and frozen products, as well as fruit and vegetable juices and nectars.     The Committee convened for its 28th Session in Washington, DC, September 12-16, 2016. The relevant document is REP17/PFV. The following items were considered for adoption by the 40th Session of the Commission in July 2017:     Adopted at Step 5/8:      Annex on Canned Pineapples, for inclusion on the Standard for Certain Canned Fruits; and      Annexes for Certain Quick Frozen Vegetables, for inclusion in the Standard for Quick Frozen Vegetables.     Adopted:      Amendment to the Scope of the Standard for Certain Canned Fruits;      Amendments to the food additive provisions in Codex standards for processed fruits and vegetables (subject to endorsement by CCFA);      Standard for Canned Chestnuts and Canned Chestnut Puree;      Standard for Pickled Fruits and Vegetables;      Standard for Jams, Jellies, and Marmalades;      Standard for Canned Applesauce;      Standard for Canned Fruit Cocktail;      Standard for Canned Tropical Fruit Salad;      Standard Pickled Cucumbers;      Standard for Kimchi; and      Standard for Canned Stone Fruits.     Proposals for new work were received by CCEXEC and approved by CAC for cashew kernels, chili sauce, mango chutney, dried sweet potato, gochujang, dried fruits, and canned mixed fruits.     The Commission authorized CCPFV to work by correspondence until CAC 41 (2018) to prioritize the proposals for new work, prepare a work ***plan***, and prepare recommendations on the establishment of electronic working groups.     U.S Participation: Yes.     Responsible Agencies: USDA/***Agricultural*** Marketing Service; HHS/FDA. Codex Committee on Sugars     The Codex Committee on Sugars (CCS) elaborates worldwide standards for all types of sugars and sugar products.     The Committee has been re-activated electronically to work by correspondence on a draft Standard for Non-Centrifuged Dehydrated Sugar Cane Juice.     The following was considered by the Commission at its 40th Session in July 2017.      Draft Standard for Non-Centrifuged Dehydrated Sugar Cane Juice (scope and definition of the product).     The Commission agreed to extend the work on development of this standard for one year.     Responsible Agencies: HHS/FDA.     U.S Participation: Yes. Codex Committee on Cereals Pulses & Legumes     The Codex Committee on Cereals, Pulses and Legumes (CCCPL) elaborates worldwide standards and/or codes of practice, as appropriate, for cereals pulses and legumes and their products.     The Committee has been reactivated to work by correspondence to draft an international Codex Standard for Quinoa. The following item was considered by the Commission at its 40th Session in July 2017:     Adopted at Step 5:      Standard for Quinoa     The Commission agreed to establish an eWG chaired by the Plurinational State of Bolivia and co-chaired by the United States and to continue the work to address the outstanding issues.     The Commission also requested that the CCCF consider including quinoa in the MLs for lead and cadmium in cereals in the GSCTFF, in accordance with the recommendations of the 73rd session of CCEXEC.     No additional work is ongoing in this Committee. It will again be adjourned sine die once the work on the

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international Codex Standard for Quinoa is completed.     Responsible Agencies: HHS/FDA.     U.S Participation: Yes. Codex Committee on Milk and Milk Products     The Codex Committee on Milk and Milk Products (CCMMP) elaborates worldwide standards, codes and related texts for milk and milk products. The Committee was reactivated to work by correspondence on a general standard for processed cheese and a Draft Standard for Dairy Permeate Powders. Consensus has not been reached on the general standard for processed cheese. In 2016, the Commission agreed to discuss this item at the Commission session in 2017, noting the offer of New Zealand as host country of CCMMP to collate any substantial new ideas provided by members in the interim. No new proposals were received, and the Commission discontinues work on this standard at its 2017 session. The draft Standard for Dairy Permeate Powders was adopted by the Commission at Step 8 at its 2017 session.     U.S Participation: Yes.     Responsible Agencies: USDA/AMS. Certain Codex Commodity Committees     Several Codex Alimentarius Commodity Committees have adjourned sine die. The following Committees fall into this category:      Cocoa Products and Chocolate--adjourned 2001     U.S Participation: Yes.     Responsible Agency: HHS/FDA.      Fish and Fishery Products--adjourned 2016     U.S Participation: Yes.     Responsible Agency: HHS/FDA/NOAA.      Meat Hygiene--adjourned 2003     U.S Participation: Yes.     Responsible Agency: USDA/FSIS.      Natural Mineral Waters--adjourned 2008     U.S Participation: Yes.     Responsible Agency: HHS/FDA.      Vegetable Proteins--adjourned 1989     U.S Participation: Yes.     Responsible Agency: USDA/ARS. FAO/WHO Regional Coordinating Committees     The FAO/WHO Regional Coordinating Committees define the problems and needs of the regions concerning food standards and food control; promote within the Committee contacts for the mutual exchange of information on proposed regulatory initiatives and problems arising from food control and stimulate the strengthening of food control infrastructures; recommend to the Commission the development of worldwide standards for products of interest to the region, including products considered by the Committees to have an international market potential in the future; develop regional standards for food products moving exclusively or almost exclusively in intra-regional trade; draw the attention of the Commission to any aspects of the Commission's work of particular significance to the region; promote coordination of all regional food standards work undertaken by international governmental and non-governmental organizations within each region; exercise a general coordinating role for the region and such other functions as may be entrusted to them by the Commission; and promote the use of Codex standards and related texts by members.     There are six regional coordinating committees:

Coordinating Committee for Africa Coordinating Committee for Asia Coordinating Committee for Europe Coordinating Committee for Latin America and the Caribbean Coordinating Committee for the Near East Coordinating Committee for North America and the South West Pacific Coordinating Committee for Africa     The Committee (CCAFRICA) convened its 22nd Session January 16-20, 2017, in Nairobi, Kenya. The relevant document is REP 17/Africa. The following items were considered by the 40th Session of the Commission in July 2017.     Adopted at Step 5/8:      Proposed draft Regional Standard for Unrefined Shea Butter.     Adopted at Step 5:      Proposed draft Regional Standard for Fermented Cooked Cassava Based Products; and      Proposed draft Regional Standard for Gnetum Spp leaves.     The Committee will continue to work on the following items:      Proposed draft Regional Standard for Unrefined Shea Butter;      Proposed draft Regional Standard for Fermented Cooked Cassava Based Products;      Proposed draft Regional Standard for Gnetum Spp leaves;      Priority Setting criteria for the establishment of work priorities as laid down in the Codex Procedural Manual;      Comments on the preparation of the new global Codex ***Strategic*** ***Plan***;      Food quality and safety situation in countries of the Region (on-line platform, prioritization of needs in the region and comments for future consideration);      Use of Codex Standards in the Region;      Proposed draft Standard on Dried Meat;      Discussion paper and project document on a Harmonized Food Law; and      Discussion paper/project on a Regional Standard for a Fermented Non-Alcoholic Cereal Based Drink (Mahewu).     U.S Participation: Yes (as observer).     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for Asia     The Committee (CCASIA) convened its 20th Session in New Delhi, India, September 26-30, 2016. The relevant document is REP 17/Asia. The following items were considered by the 40th Session of the Commission in July 2017.     Adopted at Step 5/8:      Proposed draft Regional Standard for Laver Products; and      Proposed draft Regional Code of Hygienic Practice for Street-Vended Foods in Asia.     Adopted:      Amendments to the CCASIA Regional Standards.     The committee will continue to work on the following items:      Report on the status of the Implementation of the Activities of the ***Strategic*** ***Plan*** Relevant to CCASIA;      Discussion paper and project document on the Development of a Regional Standard for Rice Based Low Alcohol Beverages (cloudy types);      Discussion paper and project document on the Development of a Regional Standard for Soybean Products Fermented with the Bacterium Bacillus Subtilis;      Discussion paper and project document on the Development of a Regional Standard for Quick Frozen Dumpling (Jiaozi);      Discussion paper and the project document on the Development of a Regional Standard/Code of Practice for Zongzi;      Emerging Issues as priorities for the CCASIA region; and      Information sharing on the Food Safety Control Systems.     U.S Participation: Yes (as observer).     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for Europe     The Committee (CCEUROPE) convened its 30th Session in Astana, Kazakhstan, October 3-7, 2016. The relevant document is REP 17/EURO.

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    The Committee will continue to work on the following items:      Survey on critical and emerging issues;      On-line Platform and information sharing on the Food Safety Control Systems;      Survey on the use of Codex Standards;      Relevant languages of the Codex Alimentarius Commission in the work of CCEUROPE; and      Consider funding translation and interpretation services into Russian for the effective operation of CCEUROPE.     U.S Participation: Yes (as observer).     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for Latin America and the Caribbean     The Coordinating Committee for Latin America and the Caribbean (CCLAC) convened its 20th Session in Vina del Mar, Chile, November 21- 25, 2016. The relevant document is REP 17/LAC. The following item was considered by the 40th Session of the Commission in July 2017.     Adopted:      Proposed draft Regional Standard for Yacon.     The Committee will continue to work on the following items:      Monitoring of the ***Strategic*** ***Plan*** for the CCLA;      Critical and Emerging Issues and prioritization of CCLAC issues within the framework of Codex Mandate;      Comments on the Food Safety Control Systems Platform;      Cross-cutting topics for the region and proposed draft standards and discussions seeking regional support; and      Proposal for the Development of a Standard for Yams.     U.S Participation: Yes (as observer).     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for the Near East     The Coordinating Committee for the Near East (CCNEA) held its 9th Session at FAO Headquarters in Rome, Italy, May 15-19, 2017. The relevant document is REP 17/NE.     The Committee forwarded the following items to the 40th Session of the Codex Alimentarius Commission for consideration:      Proposed draft Regional Standard for Doogh for adoption at step 5/8 and endorsement by the Codex Committee on Food Additives (CCFA) and the Codex Committee on Food Labeling (CCFL) of the relevant provisions within the draft standard;      Proposed draft Regional Standard for Zaatar for adoption at step 5.     U.S Participation: No.     Responsible Agency: USDA/FSIS/USCO. Coordinating Committee for North America and the South West Pacific (CCNASWP)     The Committee (CCNASWP) convened its 14th Session in Port Vila, Vanuatu, September 19-22, 2016. The relevant document is REP 17/NASWP. The following items were considered by the 40th Session of the Commission in July 2017.     The Committee will continue to work on the following items:      New work on the development of a Regional Standard for Kava as a beverage when mixed with cold water;      Recommendation that Vanuatu be re-appointed as Coordinator for North America and the South West Pacific;      Proposed draft Regional Standard for Fermented Noni-Juice;      Development of on-line platform for information on sharing food quality and safety systems.     U.S Participation: Yes.     Responsible Agency: USDA/FSIS/USCO.     Contact: U.S Codex Office, United States Department of ***Agriculture***, Room 4861, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-3700, Phone: (202) 205-7760, Fax: (202) 720-3157, Email: [*uscodex@fsis.usda.gov*](mailto:USCodex@fsis.usda.gov)

ATTACHMENT 2

U.S CODEX ALIMENTARIUS OFFICIALS

CODEX CHAIRPERSONS FROM THE UNITED STATES

Codex Committee on Food Hygiene Emilio Esteban, DVM, MBA, MPVM, Ph.D , Executive Associate for Laboratory Services, Office of Public Health Science, Food Safety and Inspection Service, U.S Department of ***Agriculture***, 950 College Station Road, Athens, GA 30605, Phone: (706) 546-3429, Fax: (706) 546-3428, Email: [*emilio.esteban@fsis.usda.gov*](mailto:emilio.esteban@fsis.usda.gov) Codex Committee on Processed Fruits and Vegetables Richard Boyd, Chief, Contract Services Branch, Specialty Crops Inspection Division, Specialty Crops ***Program***, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, 1400 Independence Avenue SW., Mail Stop 0247, Room 0726-South Building, Washington, DC 20250, Phone: (202) 690-1201, Fax: (202) 690-1527, Email: [*richard.boyd@ams.usda.gov*](mailto:richard.boyd@ams.usda.gov) Codex Committee on Residues of Veterinary Drugs in Foods Kevin Greenlees, Ph.D , DABT, Senior Advisor for Science and Policy, Office of New Animal Drug Evaluation, HFV-100, Center for Veterinary Medicine, U.S Food and Drug Administration, 7500 Standish Place, Rockville, MD 20855, Phone: (240) 402-0638, Fax: (240) 276-9538, [*kevin.greenlees@fda.hhs.gov*](mailto:kevin.greenlees@fda.hhs.gov)

U.S Delegates and Alternate Delegates

WORLDWIDE GENERAL CODEX SUBJECT COMMITTEES

Contaminants in Foods (Host Government--The Netherlands) U.S Delegate Dr. Lauren Posnick Robin, Branch Chief, Plant Products Branch, Division of Plant Products and Beverages, Office of Food Safety (HFS-317), Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-1369, [*Lauren.Robin@fda.hhs.gov*](mailto:Lauren.Robin@fda.hhs.gov) Alternate Delegate Terry Dutko, Ph.D , Laboratory Director, Office of Public Health Science, Food Safety and Inspection Service, 4300 Goodfellow Building, 105D Federal, St. Louis, MO 63120-0005, Phone: +1 (314) 263-2680 Ext. 344, [*Terry.Dutko@fsis.usda.gov*](mailto:Terry.Dutko@fsis.usda.gov) Food Additives (Host Government--China) U.S Delegate Paul S. Honigfort, Ph.D , Supervisory Consumer Safety Officer, Division of Food Contact Notifications (HFS-275), Office of Food Additive Safety, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-1206, Fax: +1 (301) 436-2965, [*Paul.Honigfort@fda.hhs.gov*](mailto:Paul.Honigfort@fda.hhs.gov) Alternate Delegate Daniel Folmer, Ph.D , Chemist, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, Room 3017 HFS-265, College Park, MD 20740, Phone: +1 (240) 402-1274, [*Daniel.Folmer@fda.hhs.gov*](mailto:Daniel.Folmer@fda.hhs.gov)

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Food Hygiene (Host Government--United States) U.S Delegate Jenny Scott, Senior Advisor, Office of Food Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, HFS-300, Room 3B-014, College Park, MD 20740-3835, Phone: +1 (240) 402-2166, Fax: +1 (301) 436-2632, [*Jenny.Scott@fda.hhs.gov*](mailto:Jenny.Scott@fda.hhs.gov) Alternate Delegates William Shaw, Director, Risk, Innovation & Management Staff, Food Safety and Inspection Service, 355 E Street SW., Room 8-142, Patriots Plaza III, Washington, DC 20024, Phone: +1 (301) 504-0852, Email: [*William.Shaw@fsis.usda.gov*](mailto:William.Shaw@fsis.usda.gov) Andrew Chi Yuen Yeung, Ph.D , Branch Chief, Egg and Meat Products Branch, Division of Dairy, Egg and Meat Products, Office of Food Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, United States of America, Phone: +1 (240) 402-1541, Fax: +1 (301) 436-2632, [*Andrew.Yeung@fda.hhs.gov*](mailto:Andrew.Yeung@fda.hhs.gov) Food Import and Export Certification and Inspection Systems (Host Government--Australia) U.S Delegate Mary Stanley, Senior Advisor, Office of International Coordination, Food Safety and Inspection Service, U.S Department of ***Agriculture***, Room 3151, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250, Phone: +1 (202) 720-0287, Fax: +1 (202) 690-3856, [*Mary.Stanley@fsis.usda.gov*](mailto:Mary.Stanley@fsis.usda.gov) Alternate Delegate Caroline Smith DeWaal, International Food Safety Policy Manager, Office of the Center Director, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, Room 4A011, College Park, MD, USA 20740-3835, Phone: +1 (240) 402-1242, [*Caroline.DeWaal@fda.hhs.gov*](mailto:Caroline.DeWaal@fda.hhs.gov) Food Labelling (Host Government--Canada) U.S Delegate Felicia B. Billingslea, Director, Food Labeling and Standards Staff, Office of Nutrition, Labeling, and Dietary Supplements, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, (HFS-820), College Park, MD 20740, Phone: +1 (240) 402- 2371, Fax: +1 (301) 436-2636, [*Felicia.Billingslea@fda.hhs.gov*](mailto:Felicia.Billingslea@fda.hhs.gov) Alternate Delegate Jeffrey Canavan, Deputy Director, Labeling and ***Program*** Delivery Staff, Food Safety and Inspection Service, U.S Department of ***Agriculture***, 1400 Independence Avenue SW., Mail Stop 5273, Patriots Plaza 3, 8th Floor-161A, Washington, DC 20250, Phone: +1 (301) 504-0860, Fax: +1 (202) 245-4792, [*Jeff.Canavan@fsis.usda.gov*](mailto:Jeff.Canavan@fsis.usda.gov) General Principles (Host Government--France)     Delegate Note: A member of the Steering Committee heads the delegation to meetings of the General Principles Committee. Methods of Analysis and Sampling (Host Government--Hungary) U.S Delegate Gregory Noonan, Director, Division of Bioanalytical Chemistry, Division of Analytical Chemistry, Center for Food Safety and Applied Nutrition, Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2250, Fax: +1 (301) 436-2332, [*Gregory.Noonan@fda.hhs.gov*](mailto:Gregory.Noonan@fda.hhs.gov) Alternate Delegate Dr. Timothy Norden, Chief Scientist, Grain Inspection, Packers and Stockyards Administration (GIPSA), Technology & Science Division, U.S Department of ***Agriculture***, 10383 N. Ambassador Dr., Kansas City, MO 64153, USA, Phone: +1 (816) 891-0470, Fax: +1 (816) 872-1253, [*Timothy.D.Norden@usda.gov*](mailto:Timothy.D.Norden@usda.gov) Nutrition and Foods for Special Dietary Uses (Host Government--Germany) U.S Delegate Douglas Balentine, Director, Office of Nutrition, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, Room 4C096, College Park, MD, USA 20740-3835, Phone: +1 (240) 402-2373, [*Douglas.Balentine@fda.hhs.gov*](mailto:Douglas.Balentine@fda.hhs.gov) Alternate Delegate Pamela R. Pehrsson, Ph.D , Research Leader, USDA, ***Agricultural*** Research Service, Nutrient Data Laboratory, Room 105, Building 005, BARC-West, 10300 Baltimore Avenue, Beltsville, MD 20705, 301-504-0630 (voice), 301-504-0632 (fax), [*Pamela.Pehrsson@ars.usda.gov*](mailto:Pamela.Pehrsson@ars.usda.gov) Pesticide Residues (Host Government--China) U.S Delegate Captain David Miller, Chief, Chemistry & Exposure Branch, and Acting Chief, Toxicology & Epidemiology Branch, Health Effects Division, William Jefferson Clinton Building, 1200 Pennsylvania Avenue NW., Washington, DC 20460, Phone: +1 (703) 305-5352, Fax: +1 (703) 305-5147, [*Miller.Davidj@epa.gov*](mailto:Miller.Davidj@epa.gov) Alternate Delegate Dr. Pat Basu, Senior Leader, Chemistry, Toxicology & Related Sciences, Office of Public Health Science, Food Safety and Inspection Service, U.S Department of ***Agriculture***, 1400 Independence Ave. SW., Room 3805, Washington, DC 20250-3766, Phone: +1 (202) 690-6558, Fax: +1 (202) 690- 2364, [*Pat.Basu@fsis.usda.gov*](mailto:Pat.Basu@fsis.usda.gov) Residues of Veterinary Drugs in Foods (Host Government--United States) U.S Delegate Brandi Robinson, MPH, CPH ONADE International Coordinator, Center for Veterinary Medicine, U.S Food and Drug Administration, 7500 Standish Place, HFV-100, Rockville, MD 20855, Phone: +1 (240) 402-0645, [*Brandi.Robinson@fda.hhs.gov*](mailto:Brandi.Robinson@fda.hhs.gov) Alternate Delegate Charles Pixley, DVM, Ph.D , Director, Laboratory Quality Assurance Staff, Office of Public Health Science, Food Safety and Inspection Service, U.S Department of ***Agriculture***, 950 College Station Road, Athens, GA 30605, Phone: +1 (706) 546-3559, Fax: +1 (706) 546-3452, [*Charles.Pixley@fsis.usda.gov*](mailto:Charles.Pixley@fsis.usda.gov)

WORLDWIDE COMMODITY CODEX COMMITTEES (ACTIVE)

Cereals, Pulses and Legumes (Host Government--United States) U.S Delegate Dr. Henry Kim, Office of Food Safety, Senior Policy Analyst, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive (HFS-317), College Park, MD, USA 20740-3835, Phone: +1 (240) 402-2023, [*henry.kim@fda.hhs.gov*](mailto:henry.kim@fda.hhs.gov) Alternate Delegate Patrick McCluskey, Supervisory ***Agricultural*** Marketing Specialist,

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United States Department of ***Agriculture***, Grain Inspection, Packers and Stockyards Administration, 10383 N. Ambassador Drive, Kansas City, MO 64153, Phone: +1 (816) 659-8403, [*Patrick.J.Mccluskey@usda.gov*](mailto:Patrick.J.Mccluskey@usda.gov) Fats and Oils (Host Government--Malaysia) U.S Delegate Dr. Paul South, Director, Division of Plant Products and Beverages, Office of Food Safety (HFS-317), Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD, USA 20740-3835, Phone: +1 (240) 402-1640, Fax: +1 (301) 436-2632, [*Paul.South@fda.hhs.gov*](mailto:Paul.South@fda.hhs.gov) Alternate Delegate Robert A. Moreau, Ph.D , Research Leader, Eastern Regional Research Center, ***Agricultural*** Research Service, U.S Department of ***Agriculture***, 600 East Mermaid Lane, Wyndmoor, PA 19038, Phone: +1 (215) 233-6428, Fax: +1 (215) 233-6406, [*Robert.Moreau@ars.usda.gov*](mailto:Robert.Moreau@ars.usda.gov) Fresh Fruits and Vegetables (Host Government--Mexico) U.S Delegate Dorian LaFond, International Standards Coordinator, Fruit and Vegetables ***Program***, Specialty Crop Inspection Division, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, Mail Stop 0247, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-0247, Phone: +1 (202) 690-4944, Fax: +1 (202) 690-1527, [*Dorian.Lafond@usda.gov*](mailto:Dorian.Lafond@usda.gov) Alternate Delegate David T. Ingram, Ph.D , Consumer Safety Officer, Office of Food Safety, Fresh ***Produce*** Branch, Division of ***Produce*** Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, Room 3E027, College Park, MD, USA 20740-3835, Phone: +1 (240) 402-0335, [*David.Ingram@fda.hhs.gov*](mailto:David.Ingram@fda.hhs.gov) Milk and Milk Products (Host Government--New Zealand) U.S Delegate Christopher Thompson, Dairy Standardization Branch, Mail Stop 0230, Room 2742, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, 1400 Independence Avenue SW., Washington, DC 20250, Phone: +1 (202) 720-9382, Fax: +1 (844) 804-4701, [*Christopher.D.Thompson@ams.usda.gov*](mailto:Christopher.D.Thompson@ams.usda.gov) Alternate Delegate John F. Sheehan, Director, Division of Dairy, Egg and Meat Product Safety, Office of Food Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration (HFS-3 15), Harvey W. Wiley Federal Building, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-1488, Fax: +1 (301) 436-2632, [*John.Sheehan@fda.hhs.gov*](mailto:John.Sheehan@fda.hhs.gov) Processed Fruits and Vegetables (Host Government--United States) U.S Delegate Dorian LaFond, International Standards Coordinator, Fruit and Vegetables ***Program***, Specialty Crop Inspection Division, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, Stop 0247, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-0247, Phone: +1 (202) 690-4944, Fax: +1 (202) 690-1527, [*Dorian.Lafond@usda.gov*](mailto:Dorian.Lafond@usda.gov) Alternate Delegate Dr. Yinqing Ma, Branch Chief, Beverages Branch, Division of Plant Products and Beverages, Office of Food Safety (HFS-317), Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2479, Fax: +1 (301) 436-2632, [*Yinqing.Ma@fda.hhs.gov*](mailto:Yinqing.Ma@fda.hhs.gov) Spices and Culinary Herbs (Host Government--India) U.S Delegate Dorian LaFond, International Standards Coordinator, Fruit and Vegetables ***Program***, Specialty Crop Inspection Division, ***Agricultural*** Marketing Service, U.S Department of ***Agriculture***, Mail Stop 0247, South ***Agriculture*** Building, 1400 Independence Avenue SW., Washington, DC 20250-0247, Phone: +1 (202) 690-4944, Fax: +1 (202) 690-1527, [*Dorian.Lafond@usda.gov*](mailto:Dorian.Lafond@usda.gov) Alternate Delegate George C. Ziobro, Ph.D , Egg and Meat Products Branch, HFS-316, Division of Diary, Egg, and Meat Products, Office of Food Safety Center for Food Safety and Applied Nutrition, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-1965, [*George.Ziobro@fda.hhs.gov*](mailto:George.Ziobro@fda.hhs.gov) Sugars (Host Government--Colombia) U.S Delegate Dr. Chia-Pei Charlotte Liang, Chemist, Office of Food Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2785, [*Charlotte.Liang@fda.hhs.gov*](mailto:Charlotte.Liang@fda.hhs.gov)

WORLDWIDE COMMODITY CODEX COMMITTEES (ADJOURNED)

Cocoa Products and Chocolate (adjourned sine die 2001) (Host Government--Switzerland) U.S Delegate Michelle Smith, Ph.D , Senior Policy Analyst, Office of Food Safety, Center for Food Safety and Applied Nutrition, U.S Food and Drug Administration (HFS-317), Harvey W. Wiley Federal Building, 5001 Campus Drive, College Park, MD 20740-3835, Phone: +1 (240) 402-2024, Fax: +1 (301) 436-2632, [*Michelle.Smith@fda.hhs.gov*](mailto:Michelle.Smith@fda.hhs.gov) Fish and Fishery Products (adjourned sine die 2016) (Host Government--Norway) U.S Delegate Dr. William R. Jones, Deputy Director, Office of Food Safety (HFS-300), U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2300, Fax: +1 (301) 436-2601, [*William.Jones@fda.hhs.gov*](mailto:William.Jones@fda.hhs.gov) Alternate Delegate Steven Wilson, Deputy Director, Office of International Affairs and Seafood Inspection, National Marine Fisheries Service, NOAA, U.S Department of Commerce, 1315 East-West Highway, Silver Spring, Maryland 20910, Phone: +1 (301) 427-8312, [*Steven.Wilson@noaa.gov*](mailto:Steven.Wilson@noaa.gov) Meat Hygiene (adjourned sine die 2003) (Host Government--New Zealand) U.S Delegate Vacant Natural Mineral Waters (adjourned sine die 2008) (Host Government--Switzerland) U.S Delegate Dr. Yinqing Ma, Branch Chief, Beverages Branch, Division of Plant Products and Beverages, Office of Food Safety (HFS-317), Center for Food Safety and Applied Nutrition,

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U.S Food and Drug Administration, 5001 Campus Drive, College Park, MD 20740, Phone: +1 (240) 402-2479, Fax: +1 (301) 436-2632, [*Yinqing.Ma@fda.hhs.gov*](mailto:Yinqing.Ma@fda.hhs.gov) Vegetable Proteins (adjourned sine die 1989) (Host Government--Canada) U.S Delegate Vacant

AD HOC INTERGOVERNMENTAL TASK FORCES (DISSOLVED)

Animal Feeding (Dissolved 2013) (Host Government--Switzerland) U.S Delegate Daniel G. McChesney, Ph.D , Director, Office of Surveillance & Compliance, Center for Veterinary Medicine, U.S Food and Drug Administration, 7529 Standish Place, Rockville, MD 20855, Phone: +1 (240) 402-7140, Fax: +1 (240) 453-6880, [*Daniel.McChesney@fda.hhs.gov*](mailto:Daniel.McChesney@fda.hhs.gov) Alternate Delegate Dr. Patty Bennett, Humane Handling Enforcement Coordinator, Office of Field Operations Food Safety and Inspection Service, U.S Department of ***Agriculture***, 1400 Independence Avenue, Room 3155-S, Washington, DC 20250, Phone: +1 (202) 720-5397, [*Patty.Bennett@fsis.usda.gov*](mailto:Patty.Bennett@fsis.usda.gov) Antimicrobial Resistance (Re-established 2016) (Host Government--Republic of Korea) U.S Delegate Donald A. Prater, DVM, Assistant Commissioner for Food Safety Integration, Office of Foods and Veterinary Medicine, Food and Drug Administration, 10903 New Hampshire Avenue, Silver Spring, MD 20993, Tel: +1-301-348-3007, Email: [*donald.prater@fda.hhs.gov*](mailto:donald.prater@fda.hhs.gov) Alternate Delegate Neena Anandaraman, DVM, MPH, Veterinary Science Policy Advisor, Office of Chief Scientist, U.S Department of ***Agriculture***, DCWA2-339 Whitten Building, 1200 Independence Avenue SW., Washington, DC 20024, Tel: +1- 202-260-8789, Email: [*Neena.Anandaraman@osec.usda.gov*](mailto:Neena.Anandaraman@osec.usda.gov)

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[***Putin's state of the nation address - Kremlin transcript***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RSD-VD81-JC8S-C54V-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

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**Length:** 13937 words

**Body**

Russian President Vladimir Putin delivered his annual address to the Federal Assembly, a joint sitting of both houses of parliament, in Moscow on 1 March.The first part of the speech focused on economic issues, with the president in particular pledging to halve the number of Russians living below the poverty line. The second half of the speech focused on Russian advancements in military technology. Putin announced a new generation of nuclear weapons, including an intercontinental ballistic missile that, he said, could hit anywhere on the planet. The following is the text of the speech published in English by Russian presidential website on 1 March ([*http://bit.ly/2oyMdnb*](http://bit.ly/2oyMdnb)); subheadings have been inserted editorially:

Presidential Address to the Federal Assembly March 1, 2018, Moscow

The President of Russia delivered the Address to the Federal Assembly. The ceremony took place at the Manezh Central Exhibition Hall.

The presentation of the Address was attended by Federation Council members, State Duma deputies, members of the Government, leaders of the Constitutional Court and Supreme Court, governors, speakers of the legislatures of the constituent entities of the Russian Federation, the leaders of traditional religions, public figures, including the heads of regional civic chambers, as well as the leaders of major media outlets.

\* \* \*

'Very special landmark event'

President of Russia Vladimir Putin: Citizens of Russia, members of the Federation Council and State Duma,

Today's Address is a very special landmark event, just as the times we are living in, when the choices we make and every step we take are set to shape the future of our country for decades to come.

It is at such turning points that Russia has proven, time and again, its ability to develop and renew itself, discover new territories, build cities, conquer space and make major discoveries. This unwavering forward-looking drive, coupled with traditions and values, ensured the continuity in the thousand-year-long history of our nation.

We have gone through major challenging transformations, and were able to overcome new and extremely complex economic and social challenges, preserved the unity of our country, built a democratic society and set it on the path to freedom and independence.

We ensured sustainability and stability in almost all areas of life, which is critical for a huge and multi-ethnic country like ours with its complex federative structure and diversity of cultures, with historical divides that are still alive in people's memory and major challenges Russia had to face over the course of its history.

However, sustainability is the foundation of development but not its guarantee. We have no right to allow a situation when the stability that has been achieved would lead to complacency, all the more so as many problems remain unresolved.

Today, Russia ranks among the world's leading nations with a powerful foreign economic and defence potential. But we have not yet reached the required level in the context of accomplishing our highly important task and guaranteeing people's quality of life and prosperity. But we must do this, and we will do this.

'Technological lag'

As I said in the past, the state's role and positions in the modern world are not determined only or predominantly by natural resources or production capacities; the decisive role is played by the people, as well as conditions for every individual's development, self-assertion and creativity. Therefore, everything hinges on efforts to preserve the people of Russia and to guarantee the prosperity of our citizens We must achieve a decisive breakthrough in this area.

I repeat, a solid foundation has been created for this. Therefore, we can now set and accomplish new tasks. We already have substantial experience in implementing ambitious ***programmes*** and social projects. The Russian economy has proved its resilience, and the current stable macro-economic situation opens up new opportunities for surging ahead and maintaining long-term growth.

Finally, the world is now accumulating a tremendous technological potential making it possible to achieve a real breakthrough in improving the people's quality of life and modernising the economy, the infrastructure and state governance and administration. How effectively we will able to use the colossal potentialities of the technological revolution, and how we will respond to its challenges depends on us alone. In this sense, the next few years will prove decisive for the country's future. I reiterate, these years will be decisive.

I will tell you why. What I will say now has no connection to the domestic political cycle or even the presidential election. No matter who is elected President, each Russian citizen and all of us together must be able to see what is going on in the world, what is happening around us, and what challenges we are facing.

The speed of technological progress is accelerating sharply. It is rising dramatically. Those who manage to ride this technological wave will surge far ahead. Those who fail to do this will be submerged and drown in this wave.

Technological lag and dependence translate into reduced security and economic opportunities of the country and, ultimately, the loss of its sovereignty. This is the way things stand now. The lag inevitably weakens and erodes the human potential. Because new jobs, modern companies and an attractive life will develop in other, more successful countries where educated and talented young people will go, thereby draining the society's vital powers and development energy.

As I have said, changes concern the entire civilization, and the sheer scale of these changes calls for an equally powerful response. We are ready to provide it. We are ready for a genuine breakthrough.

My confidence is based on the results we have achieved together, even though they may seem modest at first glance, as well as on the unity of Russian society and, most importantly, on the huge potential of Russia and our talented and ingenious people.

In order to move forward and to develop dynamically, we must expand freedom in all spheres, strengthen democratic institutions, local governments, civil society institutions and courts, and also open the country to the world and to new ideas and initiatives.

It is high time we take a number of tough decisions that are long overdue. We need to get rid of anything that stands in the way of our development and prevents people from fully unleashing their potential. It is our obligation to focus all resources and summon all our strength and willpower in this daring effort that must yield results.

Otherwise, there will be no future for us, our children or our country. It is not a question of someone conquering or devastating our land. No, that is not the danger. The main threat and our main enemy is the fact that we are falling behind. If we are unable to reverse this trend, we will fall even further behind. This is like a serious chronic disease that steadily saps the energy from the body and destroys it from within step by step. Quite often, this destructive process goes unnoticed by the body.

We need to master creative power and boost development so that no obstacles prevent us from moving forward with confidence and independently. We must take ownership of our destiny.

Poverty

Colleagues,

What should be our priority? Let me reiterate that I believe that the main, key development factor is the well-being of the people and the prosperity of Russian families.

Let me remind you that in 2000, 42 million people lived below the poverty line, which amounted to nearly 30 percent - 29 percent of the population. In 2012, this indicator fell to 10 percent.

Poverty has increased slightly against the backdrop of the economic crisis. Today, 20 million Russian nationals live in poverty. Of course, this is much fewer than the 42 million people in 2000, but it is still way too many. There are even working people who have to live very modest lives.

For the first time in our recent history, the minimum wage was equated with the subsistence level. This provision will come into force on May 1, 2018, and will benefit about 4 million people. This is an important step but it still falls short of offering a fundamental solution.

We need to upgrade the employment structure that has become inefficient and archaic, provide good jobs that motivate people, improve their well-being and help them uncover their talents. We need to create decent well-paid jobs. This would help deliver on one of the key objectives for the next decade, which is to guarantee sustained long-term real income growth, and to reduce the poverty rate by at least one half over the next six years.

It is our moral duty to provide all-round support to members of the older generation, who have made a tremendous contribution to national development. Senior citizens must have worthy conditions for a long, active and healthy life. Most importantly, we must raise pensions and index them regularly, so that they outpace inflation. We will also strive to reduce the gap between the size of pensions and pre-retirement wages. And, of course, we must raise the quality of healthcare and social support for senior citizens and help people who are alone and those facing problems in life.

We need to address all these issues using a comprehensive approach. As I see it, the future new Government will have to draft a special ***programme*** for the systematic support of senior citizens and for improving their quality of life.

We consider every person important and valuable. People need to know that they are needed, and they must live a long and healthy life and enjoy their grandchildren and great-grandchildren. They need to see their children grow up and become successful in a powerful, rapidly developing and successful country that is attaining new development levels.

Russia must firmly assert itself among the five largest global economies, and its per-capita GDP must increase by 50 percent by the middle of the next decade. This is a very difficult task. I am confident that we are ready to accomplish it.

Of course, life expectancy is a highly important fundamental parameter for gauging the well-being of citizens and the country. In 2000, Russia posted a life expectancy of just over 65 years, with men's life expectancy falling below 60 years. This is not just low, it is a tragedy, and this parameter is tragically inadequate.

In the past few years, Russia has been posting a major increase in average life expectancy levels, which is among the highest in the world. We have managed to accomplish this task. Life expectancy levels have increased by over seven years and now total 73 years. But, of course, this is not enough either. Today, we must set an entirely new goal. By the end of the next decade, Russia must confidently join the club of countries posting a life expectancy of 80-plus years, which includes Japan, France and Germany.

At the same time, life expectancy levels for people living a healthy, active and full life, when they are not hampered and pinned down by illness, must grow faster than ***planned***. I am confident that we can achieve this goal, considering the positive trends of the previous years. For this purpose, the whole of Russia will have to make a quantum leap in its development, so that the life of every person is transformed.

'Spatial development ***programme***'

Colleagues,

We need to create a modern living environment and transform cities and villages across the country. In doing so, we must make sure that they preserve their identity and historical heritage. We already have positive experience in renovating the urban environment and infrastructure. Let me elaborate on this point. Cities like Kazan, Vladivostok and Sochi have already benefited from upgrades of this kind. Change is underway in many regional capitals and smaller cities. Overall, we now know how to do it.

I propose launching a large-scale spatial development ***programme*** in Russia, which would include developing cities and other communities by at least doubling spending in this area over the next six years.

It is obvious that the effort to develop cities and other communities goes hand in hand with the need to overcome challenges in other areas, including healthcare, education, environment and transport. Initiatives in all these segments will require additional funding. I will talk about this matter further in my Address.

Urban renovation should be supported by the introduction of state-of-the-art construction technology and materials, modern architectural solutions, digital technology for social services, transport and utilities sectors. Among other things, this would make the housing and utilities sector more transparent and efficient, so that people receive quality services at a reasonable cost.

This large-scale project brings the promise of better economic and social development prospects, a modern living environment, and a favourable climate for cultural and civil initiatives, for small businesses and start-ups. All this would facilitate the emergence of a large and creative middle class in Russia.

Of course, a lot will depend on municipal and local authorities and whether they will be receptive to new ideas. The ability to respond to the diverse needs of various generations, including families with children, retirees and people with disabilities, will also be instrumental. People must have a decisive say in the future of their cities and villages. We have discussed this many times, including at meetings with heads of municipalities. Today, I am not saying it just to check the box. I ask you to bring it to the attention of decision-makers at all levels.

It is important that the development of cities becomes the driving force for the whole country. Russia is a country with a vast territory, and its active, dynamic life cannot be concentrated in several metropolitan cities. Big cities must distribute their energy, and serve as a support for the balanced, harmonious spatial development of the whole of Russia.

Therefore, there is an urgent need for an appropriate modern infrastructure. I will return to this later. However, it is obvious that developed utilities is what will enable residents of small towns and villages to take advantage of all the opportunities and modern services that are available in big cities, and smaller towns will be closely integrated into Russia's single social and economic space. At the same time, we will support initiatives that will help our small towns and villages to preserve their cultural identity, to re-discover their unique potential in a new way.

Particular attention will be paid to the social and infrastructural development of rural areas. Russian ***agriculture*** has already become a globally competitive industry. Therefore, people who work for this success should live a comfortable and modern life.

Housing

Colleagues,

I understand how important it is for everyone, for every family, to have their own house, their own home. I know this is the problem of problems in Russia. It lingers from decade to decade. How many times governments promised and tried, sincerely tried to resolve it. But we can and must do it now.

In 2017, three million families in Russia improved their living conditions. Now we need to reach a stable level (I emphasise this: it is the first time in the history of modern Russia) - to a level where at least five million families improve their housing conditions annually. This is a difficult task - to jump from three million to five. We reached 3.1 million last year, but we need to make it five. Yet, it is an attainable goal.

I see three key factors for increasing the affordability of housing. The first is the growth of people's incomes. I have spoken about this in the past, and we must ensure this. Next, a decrease in mortgage interest rates and, of course, an increased supply in the housing market.

I would like to remind you of something that few people remember, which is that only 4,000 mortgage loans were issued in 2001. Only 4,000. The interest rate was as high as 30 percent, including on foreign currency loans. By the way, half of the mortgage loans were issued in foreign currency. Few people could afford to take out mortgage loans then. Last year, the number of mortgage loans almost reached one million. In December, the average interest rate on ruble loans for the first time decreased to below 10 percent.

We know, of course, that loan terms are individual and may differ from one borrower to another. But we must continue to lower the average interest rate to 7-8 percent. We held long discussions on the figure I should say here. I am sure that the target figure should be 7 percent. In the next six years, mortgage loans must become accessible to the majority of Russian families, working people and young professionals.

Here are some more figures. In the 1950s through 1970s, we annually built approximately 60 million square metres of housing a year. The figure rose to 70 million by the late 1990s. Now we annually build around 80 million square metres of housing every year. We built even more housing in some years, but the average figure is 80 million. We must move forward and reach new heights in this sphere, that is, increase the volume of housing built every year from 80 million to 120 million square metres. This is an ambitious but realistic goal, given new technologies, the experience our construction companies have accumulated, as well as new materials. The rise from 80 to 120 million square metres is what we need and can achieve. I will tell you why: if we want 5 million families to receive new housing every year, we must reach the figure of 120 million square metres.

Those who invest their money in housing projects must be securely protected. We should gradually proceed from unit construction to project financing, when developers and banks, but not people, shoulder the risks.

I also propose revising the personal property tax. It must be fair and affordable.

Some people, including those in this hall, tried to convince me that this tax should be based on the market value of property. They told me that using obsolete valuation by the Technical Inventory Bureau is an anachronism. But it turned out in reality that cadastral value, which should be comparable to market value, often exceeded it by far. This was not the agreement. And the people did not expect this from us.

We must revise the mechanism for calculating the tax and also the calculation of the cadastral value of property. One way or another, it must not exceed the real market value. All decisions regarding this must be taken without delay in the first six months of this year.

Infrastructure development, high-speed internet

Colleagues,

We must penetrate the whole country with advanced communications to develop cities, towns, to enhance business activity and to meld together Russia's entire territory.

The Crimean Bridge will open to cars in just a few months and to trains next year. This will stimulate the development of Crimea and the entire Russian Black Sea region.

We have overhauled federal roads. Now we must modernise regional and local routes. I am not going to talk about the figures now, but I know them. It is a fact that federal roads have mostly been renovated. The situation is somewhat worse with regional roads, and it is completely unacceptable with local roads. I address this to regional and city heads: you must constantly focus your attention on the roads. You must improve the quality of road construction using advanced technology and solutions, infrastructure mortgage loans and life cycle contracts.

Of course, another critical task is to improve safety on the roads and to decrease the mortality rate in road accidents to the minimum.

Overall, in the next six years, we must almost double the spending on road construction and repairs in Russia and to allocate more than 11 trillion roubles for this from all sources. This is a lot; keep in mind that we have allocated 6.4 trillion rubles in 2012-2017, but we need 11 trillion.

Large Eurasian transport corridors will also be developing. An automobile road that will become part of the Europe - Asia-Pacific corridor is already under construction. Our Chinese and Kazakhstani partners involved in this project together with us have already completed their part. Their sections have already been opened, so we need to speed up our work.

The throughput capability of the Baikal-Amur Mainline and the Trans-Siberian Railway will grow 1.5 times, up to 180 million tonnes, in six years. It will take seven days for containers from Vladivostok to reach the western borders of Russia. This is just one of the infrastructure projects that will bring quick economic returns. It includes freight, so all investment will be paid off very quickly and will contribute to these regions' development.

The volume of transit shipments on our railways must grow almost fourfold. This means that Russia will become a global leader in transit shipping between Europe and Asia.

In 1990, the ports of the Soviet Union had an aggregate capacity of 600 million tonnes, but after the country broke apart, we lost almost half. In the early 2000s, Russian ports could handle only 300 million tonnes. Over the last 17 years, this figure has tripled. In early 2017, the aggregate port capacity in Russia exceeded 1 billion tonnes for the first time in history. As you can see from the charts, this exceeds the level reached by the Soviet Union by more than two thirds. By the way, these are the figures for early 2017, and the capacity currently stands at 1,025 billion tonnes.

We need to further expand this capacity, including by increasing the capacity of railway links to ports in the Azov and Black Sea basin 1.5-fold to 131 million tonnes.

The Northern Sea Route will be the key to developing the Russian Arctic and Far East. By 2025, cargo traffic along this route will surge tenfold to 80 million tonnes. Our goal is to make it a truly global and competitive transport route. Let me remind you that the Northern Sea Route was used more actively in Soviet times compared to how we have been using it so far. We will definitely develop this route and reach new horizons. I have no doubt about it.

We will continue our proactive policy to attract investment and create social and economic growth centres in Russia's Far East. We will create all the conditions to ensure a people-friendly living environment, so that people move to this region and its population grows.

A number of large-scale industrial projects have been launched in the Arctic. They comply with the highest environmental standards. We are strengthening the research, transport, navigation and military infrastructure, which is expected to guarantee Russia's interests in this ***strategic*** region. Russia builds cutting-edge nuclear icebreakers. We have had the most powerful icebreaker fleet in the world, and this will remain so.

We will renovate and expand the network of regional airports across Russia. In six years, half of the regions will be connected between each other by direct flights. The situation where you had to make a connection in Moscow when flying to a neighbouring region will become a thing of the past. We are already working on this. This includes efforts to develop aviation and airports.

The Spatial Development Strategy will serve as a foundation for preparing a comprehensive ***plan*** to modernise and expand the backbone traffic infrastructure. I believe this to be a priority for the future Government.

Russia must not just become the world's key logistics and transport hub, but also, which is very important, a global centre for the storage, processing, transfer and reliable protection of large volumes of information, so-called big data.

Overall, infrastructure development must take into account global technological changes. In other words, the projects we are now considering must include practical solutions for combining infrastructure with drones and digital marine and air navigation, as well as use AI to streamline logistics.

Likewise, we must introduce new technologies for the generation, storage and relay of energy. In the next six years, we ***plan*** to attract some 1.5 trillion rubles in private investment for modernising our power generation sector. All power systems throughout the country must convert to digital technology. We must use the so-called distributed generation method to supply electricity to remote areas.

By 2024, high-speed internet will be available throughout the country. We will complete the construction of fibre optic lines in the majority of populated areas with a population of more than 250 people. Small remote towns in the Extreme North, Siberia and the Russian Far East will access internet via a network of Russian satellites.

We will use advanced telecommunications to give our people access to the digital world. As we know, this is more than just modern services, online education and telemedicine, although all this is very important. More than that, people will be able to use digital space to conduct research, organise volunteer and project groups or run companies. In our vast country, this combination of talent, competencies and ideas amounts to a huge ground-breaking resource.

Healthcare

Colleagues,

A crucial task facing every one of us is to make advanced high-quality healthcare widely accessible. We must be guided by the highest international standards in this area.

In 2019-2024, we need to spend over 4 percent of the GDP each year to develop the healthcare system. At the same time, the goal we must bear in mind is 5 percent. In absolute terms, this means that healthcare spending must double. In addition, we must find new funding opportunities that would not limit economic growth.

I would like to thank doctors, paramedics and nurses for their difficult and highly necessary work. A great deal depends on these people, as well as on teachers, counsellors and cultural workers, and they must receive decent salaries.

We have done a lot to implement the 2012 May executive orders. I must say that there were several failures, but overall, despite the demanding targets of these orders, without them we would not have had the results we can see today. We must always set ambitious tasks.

We must not lose the positions we have already attained. I am referring to the level of wages. Wages in the public sector must continue growing, as well as the quality of work and skills of the people working in healthcare, education and other areas that define people's wellbeing.

In recent years, we have optimised the hospital network in the country. This was done in order to build an effective healthcare system. However, in some case, I have to say this today, too many administrative changes were introduced: hospitals in small towns and villages have been closed. No one proposed an alternative, and people were left with practically no medical aid. The only advice they were given was, "Go to the city to get treatment there." I must say that this is unacceptable. They forgot about the main thing: the people, their interests and needs, equal opportunities and justice.

This must not happen in healthcare or any other area. We must provide, or restore where necessary, easy access to primary healthcare. We can do this, but we should have done this from the very beginning, when we started the reforms.

This must be done as quickly as possible. In the period from 2018 to 2020, we must ensure that each small town with a population of 100 to 2,000 people has a paramedic station and an outpatient clinic. For villages with less than 100 people - we also have villages as small as that - we will organise mobile medical units, all-terrain vehicles with all the necessary diagnostic equipment.

These projects should be closely monitored. I consider them extremely important. And I also ask the Russian Popular Front to stay in contact with people, to keep an eye on the situation on the ground. At the same time, outpatient clinics and paramedic stations, regional healthcare facilities and leading medical centres should be linked into a single digital network so that the entire national healthcare system is involved in helping each person.

Disease prevention is a vitally important task. In the 1990s, this work was largely neglected. We began to restore it. We need to provide all people with a real opportunity to have a complete physical at least once a year. This is also important for encouraging a responsible attitude to one's own health.

Modern diagnostics will reduce mortality among the working age population, and consolidate the positive trends in treating cardiovascular disorders. We can see these positive trends, which is very good. But we also need to fight other threats such as cancer.

Colleagues, I think that practically every one of us has relatives or friends or friends of friends afflicted with this disease - cancer. I propose to implement a special national cancer ***programme***, to involve scientists and the national pharmaceutical industry, to modernise oncological centres, to build a modern system from early diagnosis to timely effective treatment that will protect people. We have positive experience in this area. We must reach the cutting-edge, the highest level of all the key indicators that show the effectiveness of cancer care - experts should know what they are.

Environment

Colleagues,

Medical assistance alone is not enough to protect public health. We must also ensure high standards of environmental safety across Russia.

A long a healthy life is hard to achieve when millions of people drink substandard water, when we see black snow, as it happened in Krasnoyarsk, and when people in large industrial centres such as Cherepovets, Nizhny Tagil, Chelyabinsk or Novokuznetsk do not see the sun for weeks on end.

We have tightened environmental requirements for companies, which should reduce industrial pollution. Starting in 2019, 300 industrial enterprises with a negative impact on the environment must convert to the best available environmentally friendly technology, and all enterprises in the high environmental risk group must do this starting in 2021.

We had a go at this problem many times, and every time our companies complained about the difficulties involved. There is no going back now. I want everyone to know that we will not delay this ***programme*** any longer.

We also need to modernise our thermal power plants, boiler houses and utility services, build bypass routes to ease transit traffic congestion in large cities, as well as use low-impact public service vehicles. The authorities and public volunteers have reported some 22,000 landfill sites. We must address this problem as a priority, starting with the removal and reclamation of landfill sites within city limits.

We must seriously improve the quality of drinking water. In some small towns, water is only available for several hours a day. We must use defence industry technologies to settle these problems.

We will launch conservation projects for the unique natural systems of Lake Baikal and Lake Teletskoye, as well as the entire Volga Basin, which will help improve living conditions for nearly half of Russia's population.

We will establish 24 new nature reserves and natural parks. They should be open for ecotourism, which is important for encouraging a caring and responsible attitude to nature.

Culture, education, information technologies

Colleagues,

The year 2018 in Russia has been declared the Year of Volunteers. It is highly symbolic that the year started with the adoption of a law whereby authorities at all levels were tasked with assisting volunteers. Today, proactive and concerned citizens and socially-minded NPOs contribute to addressing crucial issues. It is the involvement of the people in national affairs and their civic engagement, as well as cultural, moral and spiritual values that make us a single people capable of achieving ambitious goals.

It is essential that we preserve our identity in the era of major technological shifts. In this regard, culture has a key role to play as a national civilisational code that can unlock the human creative potential.

I propose launching a ***programme*** to establish cultural, educational and museum complexes in the regions. They will offer concert venues, drama, music and dance schools and other creative institutions, as well as exhibition spaces where the country's leading museums can display their treasures. Why store so many works of art in museum warehouses? I am talking about centres of culture that would be open to young people and people of all ages. The first project of this kind will be carried out in Vladivostok, and other regions and cities across Russia will be selected at a later time.

Colleagues, our children want to see a forward-looking Russia. You can find many sincere reflections along these lines in school essays. Having bold dreams always helps if you are seeking to achieve an ambitious goal. We must help every child discover his or her talent and help them live up to their potential. The future of Russia is in its classrooms. Schools must respond to the current challenges in order for the country to do the same.

International experts agree that Russia has one of the best primary school systems in the world. We will keep up our proactive efforts to develop general education at all levels. Let me emphasise that every child should have access to a quality education. Equal educational opportunities are a powerful driver in terms of promoting national development and social justice.

We need to shift to completely new education methods, including personalised learning, in order to cultivate in our children a readiness for change and creative curiosity, and teach them to work in teams, which is very important in the modern world, and other life skills applicable to the digital era. We will absolutely support talented teachers who are motivated to pursue continuous professional growth. And, of course, we need to build an open and modern system for school management selection and training. School administrators are the ones in charge of building a strong faculty and productive morale.

We will continue to enhance the comprehensive system to support and develop our children's creative skills and talents. This system must extend to the entire country and incorporate the resources of such projects as Sirius and Quantorium, as well as extracurricular education centres and children's creative centres all over Russia.

We need to build a modern career guidance system where schools partner with universities, research groups and successful companies. I propose starting a new early career guidance ***programme*** for schoolchildren, Ticket to the Future, from the next academic year. The ***programme*** will allow kids to try out real jobs in major Russian companies. We will allocate 1 billion rubles for this project this year alone.

I believe mentorship is another important aspect to improve. Only by bringing together advanced knowledge and moral foundations, by ensuring a true partnership and mutual understanding between generations can we become stronger.

Colleagues, today knowledge, technology and expertise make the most important competitive advantages. They are the key to a real breakthrough and improved quality of life.

As soon as possible, we need to develop a progressive legal framework and eliminate all barriers for the development and wide use of robotic equipment, artificial intelligence, unmanned vehicles, e-commerce and Big Data processing technology. And this legal framework must be continuously reviewed and be based on a flexible approach to each area and technology.

We have all the resources to promptly implement 5G and Internet of Things technologies.

We need to build our own digital platforms. It goes without saying that they should be compatible with the global information space. This would pave the way to reorganising manufacturing processes, financial services and logistics, including using blockchain technology, which is very important when it comes to financial transactions, property rights, etc. These initiatives have real-world application.

We need to start making or localising key technologies and solutions, including those used in developing the Arctic and the sea shelf, and building new energy, transport and urban infrastructure systems. This is also important in areas related to improving the quality of life, such as cutting-edge rehabilitation tools for people with disabilities.

It is our duty to support high-technology companies, offer start-ups a favourable environment and introduce new industrial solutions. I am talking about a user-friendly infrastructure, taxation systems, technical regulations and venture financing.

Technological development should be firmly rooted in fundamental research. Over the recent years, we have been able to expand research, and are now leading in a number of areas. The Russian Academy of Sciences and Russia's leading research institutions made a major contribution to achieving this.

Building on the advances made in the preceding years, including in developing the research infrastructure, we need to take our research to a new level. Projects to build cutting-edge mega science research facilities are already underway in Gatchina and Dubna. The Council for Science and Education has adopted a decision recently to build a powerful synchrotron collider at the Novosibirsk Akademgorodok and a new generation collider in Protvino, Moscow Region.

With these facilities, Russia will become one of the world's leading countries in terms of the capability and performance of its research infrastructure. These units will give a serious competitive edge to Russian research teams and high-technology companies, for example for developing new medications, materials and microelectronics.

Of course, this infrastructure and ambitious research projects will not fail to attract our compatriots and researchers from abroad. In this regard, we need to create a legal framework that would enable international research teams to operate in Russia.

Large research and education centres should begin working to full capacity. They will integrate the possibilities of universities, academic institutions, and high-tech companies. Such centres are already being set up in Kazan and Samara, Tomsk and Novosibirsk, Yekaterinburg and Tyumen, Vladivostok and Kaliningrad, and other cities.

It is important to focus them on the implementation of major interdisciplinary projects, including in such a promising field as genome research. A cardinal breakthrough in this area will pave the way to developing new methods for diagnosing, preventing and treating many diseases, and will expand the selection possibilities in ***agriculture***.

We need to reinforce the superiority of the national mathematics school. It gives Russia a strong competitive edge in the age of digital economy. International mathematics centres will also provide platforms for such work. These are already operating in Kazan and Novosibirsk. Following the adopted decisions, we will open more in St Petersburg, Moscow and Sochi.

Young Russians are already proving their leadership in science and in other areas. Last year, Russian schoolchildren won 38 medals at international academic competitions. Our teams triumphantly won the Olympiad in natural sciences and robotics, the WorldSkills competition, and our students showed the best results in ***programming*** for the twelfth time.

Based on the best practices and experience, we need to quickly modernise the vocational education system, achieve qualitative changes in the training of students, especially in the advanced areas of technological development, to establish the 'applied bachelor' level in those vocational professions that actually require an engineering degree, and also to organise centres for advanced professional retraining and professional growth.

I also propose creating the most convenient and attractive conditions for talented young people from other countries to enrol at our universities. They already come to study here. But we also need to create conditions for the best foreign graduates of our universities to work in Russia. This fully applies to foreign scientists and qualified specialists.

I think we need to seriously improve the procedure for granting Russian citizenship. The focus should be on the foreign nationals Russia needs: on young, healthy and well-educated people. For them, we need to create a simplified system for obtaining Russian citizenship.

Economy

Colleagues,

To ensure breakthrough development and upgrade education, healthcare and the quality of the urban environment and infrastructure, it will be necessary to allocate considerable additional funds in the next six years for these purposes.

Question: at what expense? Where do we get these funds? First of all, it is essential to clearly prioritise these tasks and enhance the efficiency of government spending. It is necessary to involve private companies more actively in funding major projects. The future Government will have to establish new taxation rules as soon as possible. They should be stable and fixed for the next few years.

Let me emphasise that we need such fiscal solutions that would ensure budget revenues at all levels and guarantee the implementation of all social commitments. Importantly, they should encourage rather than impede economic growth. It is the build-up of economic potential of the country and each of its regions that is the main source of additional resources. To achieve this, our economic growth rates should exceed those of the world's. This is a difficult task but not instance case of wishful thinking. This is a fundamental condition for a breakthrough in resolving social, infrastructure, defence and other tasks. The new Government should set itself the goal of reaching such growth rates as its key guideline.

In the last few years, we have enhanced the sustainability of our economy. The dependence of the economy on hydrocarbon prices has been substantially reduced. We have increased our gold and currency reserves. Inflation has dropped to a record low level - just over two percent. Of course, we all understand that the growth of prices for many basic necessities is much higher. This should be strictly monitored by different agencies, including the Anti-Monopoly Service. But on the whole, this low inflation level creates additional opportunities for development. Let me remind you that quite recently, in 2015, inflation was almost 13 percent - 12.9 percent to be exact.

In effect, Russia has formed a new macroeconomic reality with low inflation and general economic sustainability. For the people this is a condition for real income growth and cheaper mortgage loans. For entrepreneurs it means predictability in business and cheaper loans. Business should also adapt to these new macroeconomic conditions. Finally, it makes it possible to attract long-term loans and private investment into large-scale infrastructure projects.

Now we have an opportunity, without speeding up inflation, and maintaining a careful and responsible approach, to gradually cut interest rates and make loans more affordable. I count on the support of the Bank of Russia in that, while making its decisions, implementing monetary policy measures and developing financial markets, it will work in contact with the Government in the interests of the common goal of creating a proper environment for increasing the economic growth rates.

In order to further change the national economy structure and improve its competitiveness, it is imperative to use the sources of growth at a fundamentally different level. Where are they? First of all, it is important to increase labour productivity on a new technological, managerial and personnel basis. We are still lagging noticeably behind in terms of this indicator.

It is necessary to ensure that labour productivity in medium-sized and large enterprises of basic industries, such as manufacturing, construction, transport, ***agriculture*** and trade, grows at a rate of at least 5 percent per year, which will allow us to reach the level of the leading world economies by the end of the next decade.

I want to emphasise that increasing productivity is also about higher wages and, hence, increased consumer demand. In turn, this constitutes an additional driver for economic growth.

All our actions should push companies to ***produce*** technically complex products and to implement more efficient technologies. It is necessary to make an inventory of subsidies and other instruments for direct support of industries, and to target them on making competitive goods.

Increased investment is the second source of growth. We have already set the task of bringing it up to 25 percent of the GDP, and then to 27 percent. Unfortunately, this goal has not been achieved yet. To ensure sustainable growth, we need to do so at all costs. I hope that the new Government in conjunction with the Bank of Russia will present a concrete ***plan*** of action in this area.

Investment should be primarily used for upgrading and technologically re-equipping the industries and retrofitting the manufacturing industry. We need to ensure the highest dynamics here, to reach a level where, on average, every second enterprise within a year carries out technological changes. That is when the renewal effort in the economy and industry will be noticeable.

Promoting small businesses is the third large-scale reserve of economic growth. By the middle of the next decade, their contribution to the country's GDP should approach 40 percent, and the number of employed there should grow from 19 million to 25 million people.

One of the main problems facing entrepreneurs is access to financial resources. There is a government ***programme*** in place for small production businesses that offers loans with only 6.5 percent interest. I think this ***programme*** must continue. Overall, this support mechanism must become widely available.

Finally, another source of growth is the development of non-resource exports. It is necessary to remove all administrative barriers and create the most favourable conditions for the companies entering foreign markets.

Within the next six years, we must double the amount of non-resource and non-energy exports to reach $250 billion - specifically, increase machine engineering exports to $50 billion. Exports of services, including education, healthcare, tourism and transport, must reach $100 billion per year.

In the early 2000s, we were deeply dependent on food imports. The situation has turned around completely. Now we are on the verge of more changes. In just four years from now, we ***plan*** to be supplying more food to global markets than we will be importing from abroad. We need to increase exports of meat and high-added value products, as well as to make the country more self-sufficient in beef, milk and vegetable supplies.

I want to stress that development of the ***agricultural*** industry is strongly related to commodity production. However, this development must not be at the expense of small farms and their workers. We must support family businesses and farmers. We will develop cooperative ***agriculture*** and create conditions for residents of rural areas to increase their income. Every now and then we hear about problems with people's interests being affected, I am aware of them. Such cases must be taken very seriously.

Nevertheless, I want to say thank you to the ***agricultural*** industry workers for the record-breaking harvest of 134 million tonnes. Note that it is more than the record harvest in the Soviet Union. In 1978, the USSR ***produced*** 127.4 million tonnes. Now it is common for Russia to exceed 100 million tonnes.

Clearly, such a large harvest has a downside as well. The prices have gone down; there are some storage and transport issues. We have established discount rates on transporting crops by railway until July 1, 2018, to support our ***producers***.

It is necessary to consider extending this measure to the next harvesting seasons as well as to arrange additional deliveries to the Urals, Siberia and the regions far away from ports. We must help those who want and can process crops locally. Added value needs to be increased. Then we can go into the livestock industry with this product. We will certainly discuss these and other problems reported by ***agricultural*** workers at the ***agricultural*** ***producers***' forum in March, and will elaborate on additional measures to support the industry.

Business climate

Colleagues,

In order for the economy to operate at its full capacity, we need to radically improve the business climate and guarantee entrepreneurial freedom and competition.

Let me highlight a fundamental point in this regard. The state must gradually reduce its share in the economy. In this connection, it has to be noted that the state has taken over a number of financial assets in an effort to revive the banking sector. These initiatives are headed in the right direction and have my support. That said, these assets should be put on the market and sold without delay.

We need to get rid of everything that enables corrupt officials and law enforcement officers to pressure businesses. The Criminal Code should not serve as a tool for settling corporate disputes. These should be referred to administrative and arbitration courts.

I ask the Working Group on Monitoring and Analysing Law Enforcement Practice in Entrepreneurial Activity, together with the Supreme Court, law enforcement agencies, the Prosecutor's Office and representatives of the business community to draft specific proposals on this subject. This matter should not be approached in a light-minded manner. All the proposals must undergo careful examination and approval, and this should be done as soon as possible.

At the same time, criminal law should be strictly enforced in the case of offences infringing upon the interests of citizens or society or violating economic freedoms. I am referring to offences against property and assets held by citizens, illegal takeovers, competition law violations, tax evasion and embezzlement of public funds.

I would now like to move on to another important subject. While the number of various inspections seems to be declining, during meetings with businesses I often hear that radical change has yet to materialise. The presence of inspectors at enterprises should become the exception, and be limited to high-risk facilities. Otherwise, remote monitoring methods can be used. The entire control and oversight system should move to a risk-oriented approach within two years. Let me remind you that the relevant legislative framework is already in place.

It is important to support start-up entrepreneurs, to help people take the first step, so that they can open their own businesses with just one click, make the compulsory payments, receive services and loans online.

Sole proprietors and self-employed individuals who use digital services, generally need to be freed from reporting, and allowed to pay taxes via a simple transaction in automatic mode. As for businesses that use cash register equipment, their tax reporting needs to be simplified. You know, this is just a routine issue, at first glance, but this tedious routine is what prevents us from moving forward vigorously. We need to do everything to clean out this space. I will add that the intensive introduction of digital technologies and platforms will allow us to make consistent progress towards greater transparency and away from shadow economy.

Now I would like to address all representatives of Russian business, those who run their own small business, a family enterprise or a farm, an innovative company or a large industrial enterprise. I know, I know we still have a lot to do. And I assure you, we will do everything to give our entrepreneurs new opportunities to expand production, to open businesses and to create modern jobs. But at the same time I expect that Russian business will increase its contribution to the country's breakthrough development, and respect for entrepreneurial work in society will grow. It is very important.

Colleagues, we need to build modern services for business, but this is not all; the system for interaction between the state and society, between the state and the people should be clear and understandable, convenient and comfortable.

We have already set up a network of multifunctional centres. A person anywhere in the country can now use public services as a one-stop-shop. Allow me to remind you that it was a special ***programme*** which we have developed and implemented.

We need to move forward, to ensure the provision of virtually all public services in real time via remote services within six years. All document circulation between state agencies should be digitised, which is important both for the state agencies and for citizens, so as not to browse the Internet for hours looking for information. It will be possible to get everything in one place. I will add that digitalisation of the entire public administration system and its greater transparency is also a powerful factor in fighting corruption.

Government officials of all levels should be interested in improving their efficiency and be strictly focused on obtaining concrete results. By the way, we are always talking about corruption and officials. I have to say, and I do not have the right to not say this: the vast majority of our public servants are honest, decent and goal-oriented people. However, what I said will help everyone, including government officials and users of government services. This line of thinking should be used to rebuild the public service system, where appropriate, and to introduce project work methods.

Of course, it is necessary to ensure the advancement of modern professional personnel in the government and municipal service, business, the economy, science and industry, in all spheres.

As you may be aware, the first Leaders of Russia competition took place, and a number of other projects are being implemented to support young workers, entrepreneurs, innovators, volunteers, schoolchildren and students. They brought together hundreds of thousands of young people from all regions, and became an important step in their lives and professional careers.

I want to emphasise: for all those who want to work, show themselves, and are ready to honestly serve the Fatherland and the people, and to succeed, Russia will always be a country of opportunity. This is the guarantee of our successful development and confident movement forward.

All the projects and the priorities that I mentioned today, such as spatial development, investment in infrastructure, education, healthcare, the environment, innovative technologies and research, measures to support the economy, to promote talent, the youth, all of this is designed to work for one ***strategic*** task - Russia's breakthrough development.

New ***strategic*** weapons

At the same time, we cannot forget about reliably ensuring its security.

Colleagues,

The operation in Syria has proved the increased capabilities of the Russian Armed Forces. In recent years, a great deal has been done to improve the Army and the Navy. The Armed Forces now have 3.7 times more modern weapons. Over 300 new units of equipment were put into service. The ***strategic*** missile troops received 80 new intercontinental ballistic missiles, 102 submarine-launched ballistic missiles and three Borei nuclear-powered ballistic missile submarines. Twelve missile regiments have received the new Yars intercontinental ballistic missile. The number of long-range high-precision weapons carriers has increased by 12 times, while the number of guided cruise missiles increased by over 30 times. The Army, the Aerospace Forces and the Navy have grown significant stronger as well.

Both Russia and the entire world know the names of our newest planes, submarines, anti-aircraft weapons, as well as land-based, airborne and sea-based guided missile systems. All of them are cutting-edge, high-tech weapons. A solid radar field to warn of a missile attack was created along Russia's perimeter (it is very important). Huge holes appeared after the USSR disintegrated. All of them were repaired.

A leap forward was made in the development of unmanned aircraft; the National Defence Control Centre was established; and the operational command of the far maritime zone was formed. The number of professional service members has increased by 2.4 times, and the availability of equipment in the Armed Forces grew from 70 percent to 95-100 percent. The years-long queue for permanent housing was eliminated, and the waiting period was cut by 83 percent.

Now, on to the most important defence issue.

I will speak about the newest systems of Russian ***strategic*** weapons that we are creating in response to the unilateral withdrawal of the United States of America from the Anti-Ballistic Missile Treaty and the practical deployment of their missile defence systems both in the US and beyond their national borders.

I would like to make a short journey into the recent past.

Back in 2000, the US announced its withdrawal from the Anti-Ballistic Missile Treaty. Russia was categorically against this. We saw the Soviet-US ABM Treaty signed in 1972 as the cornerstone of the international security system. Under this treaty, the parties had the right to deploy ballistic missile defence systems only in one of its regions. Russia deployed these systems around Moscow, and the US around its Grand Forks land-based ICBM base.

Together with the ***Strategic*** Arms Reduction Treaty, the ABM Treaty not only created an atmosphere of trust but also prevented either party from recklessly using nuclear weapons, which would have endangered humankind, because the limited number of ballistic missile defence systems made the potential aggressor vulnerable to a response strike.

We did our best to dissuade the Americans from withdrawing from the treaty. All in vain. The US pulled out of the treaty in 2002. Even after that we tried to develop constructive dialogue with the Americans. We proposed working together in this area to ease concerns and maintain the atmosphere of trust. At one point, I thought that a compromise was possible, but this was not to be. All our proposals, absolutely all of them, were rejected. And then we said that we would have to improve our modern strike systems to protect our security. In reply, the US said that it is not creating a global BMD system against Russia, which is free to do as it pleases, and that the US will presume that our actions are not spearheaded against the US.

The reasons behind this position are obvious. After the collapse of the USSR, Russia, which was known as the Soviet Union or Soviet Russia abroad, lost 23.8 percent of its national territory, 48.5 percent of its population, 41 of the GDP, 39.4 percent of its industrial potential (nearly half of our potential, I would underscore), as well as 44.6 percent of its military capability due to the division of the Soviet Armed Forces among the former Soviet republics. The military equipment of the Russian army was becoming obsolete, and the Armed Forces were in a sorry state. A civil war was raging in the Caucasus, and US inspectors oversaw the operation of our leading uranium enrichment plants.

For a certain time, the question was not whether we would be able to develop a ***strategic*** weapon system - some wondered if our country would even be able to safely store and maintain the nuclear weapons that we inherited after the collapse of the USSR. Russia had outstanding debts, its economy could not function without loans from the IMF and the World Bank; the social sphere was impossible to sustain.

Apparently, our partners got the impression that it was impossible in the foreseeable historical perspective for our country to revive its economy, industry, defence industry and Armed Forces to levels supporting the necessary ***strategic*** potential. And if that is the case, there is no point in reckoning with Russia's opinion, it is necessary to further pursue ultimate unilateral military advantage in order to dictate the terms in every sphere in the future.

Basically, this position, this logic, judging from the realities of that period, is understandable, and we ourselves are to blame. All these years, the entire 15 years since the withdrawal of the United States from the Anti-Ballistic Missile Treaty, we have consistently tried to reengage the American side in serious discussions, in reaching agreements in the sphere of ***strategic*** stability.

We managed to accomplish some of these goals. In 2010, Russia and the US signed the New START treaty, containing measures for the further reduction and limitation of ***strategic*** offensive arms. However, in light of the ***plans*** to build a global anti-ballistic missile system, which are still being carried out today, all agreements signed within the framework of New START are now gradually being devaluated, because while the number of carriers and weapons is being reduced, one of the parties, namely, the US, is permitting constant, uncontrolled growth of the number of anti-ballistic missiles, improving their quality, and creating new missile launching areas. If we do not do something, eventually this will result in the complete devaluation of Russia's nuclear potential. Meaning that all of our missiles could simply be intercepted.

Despite our numerous protests and pleas, the American machine has been set into motion, the conveyer belt is moving forward. There are new missile defence systems installed in Alaska and California; as a result of NATO's expansion to the east, two new missile defence areas were created in Western Europe: one has already been created in Romania, while the deployment of the system in Poland is now almost complete. Their range will keep increasing; new launching areas are to be created in Japan and South Korea. The US global missile defence system also includes five cruisers and 30 destroyers, which, as far as we know, have been deployed to regions in close proximity to Russia's borders. I am not exaggerating in the least; and this work proceeds apace.

So, what have we done, apart from protesting and warning? How will Russia respond to this challenge? This is how.

During all these years since the unilateral US withdrawal from the ABM Treaty, we have been working intensively on advanced equipment and arms, which allowed us to make a breakthrough in developing new models of ***strategic*** weapons.

Let me recall that the United States is creating a global missile defence system primarily for countering ***strategic*** arms that follow ballistic trajectories. These weapons form the backbone of our nuclear deterrence forces, just as of other members of the nuclear club.

As such, Russia has developed, and works continuously to perfect, highly effective but modestly priced systems to overcome missile defence. They are installed on all of our intercontinental ballistic missile complexes.

In addition, we have embarked on the development of the next generation of missiles. For example, the Defence Ministry and enterprises of the missile and aerospace industry are in the active phase of testing a new missile system with a heavy intercontinental missile. We called it Sarmat.

Sarmat will replace the Voevoda system made in the USSR. Its immense power was universally recognized. Our foreign colleagues even gave it a fairly threatening name.

That said, the capabilities of the Sarmat missile are much higher. Weighing over 200 tonnes, it has a short boost phase, which makes it more difficult to intercept for missile defence systems. The range of the new heavy missile, the number and power of its combat blocs is bigger than Voevoda's. Sarmat will be equipped with a broad range of powerful nuclear warheads, including hypersonic, and the most modern means of evading missile defence. The high degree of protection of missile launchers and significant energy capabilities the system offers will make it possible to use it in any conditions.

Could you please show the video.

(Video plays.)

Voevoda's range is 11,000 km while Sarmat has practically no range restrictions.

As the video clips show, it can attack targets both via the North and South poles.

Sarmat is a formidable missile and, owing to its characteristics, is untroubled by even the most advanced missile defence systems.

But we did not stop at that. We started to develop new types of ***strategic*** arms that do not use ballistic trajectories at all when moving toward a target and, therefore, missile defence systems are useless against them, absolutely pointless.

Allow me to elaborate on these weapons.

Russia's advanced arms are based on the cutting-edge, unique achievements of our scientists, designers and engineers. One of them is a small-scale heavy-duty nuclear energy unit that can be installed in a missile like our latest X-101 air-launched missile or the American Tomahawk missile - a similar type but with a range dozens of times longer, dozens, basically an unlimited range. It is a low-flying stealth missile carrying a nuclear warhead, with almost an unlimited range, unpredictable trajectory and ability to bypass interception boundaries. It is invincible against all existing and prospective missile defence and counter-air defence systems. I will repeat this several times today.

In late 2017, Russia successfully launched its latest nuclear-powered missile at the Central training ground. During its flight, the nuclear-powered engine reached its design capacity and provided the necessary propulsion.

Now that the missile launch and ground tests were successful, we can begin developing a completely new type of weapon, a ***strategic*** nuclear weapons system with a nuclear-powered missile.

Roll the video, please.

(Video plays.)

You can see how the missile bypasses interceptors. As the range is unlimited, the missile can manoeuvre for as long as necessary.

As you no doubt understand, no other country has developed anything like this. There will be something similar one day but by that time our guys will have come up with something even better.

Now, we all know that the design and development of unmanned weapon systems is another common trend in the world. As concerns Russia, we have developed unmanned submersible vehicles that can move at great depths (I would say extreme depths) intercontinentally, at a speed multiple times higher than the speed of submarines, cutting-edge torpedoes and all kinds of surface vessels, including some of the fastest. It is really fantastic. They are quiet, highly manoeuvrable and have hardly any vulnerabilities for the enemy to exploit. There is simply nothing in the world capable of withstanding them.

Unmanned underwater vehicles can carry either conventional or nuclear warheads, which enables them to engage various targets, including aircraft groups, coastal fortifications and infrastructure.

In December 2017, an innovative nuclear power unit for this unmanned underwater vehicle completed a test cycle that lasted many years. The nuclear power unit is unique for its small size while offering an amazing power-weight ratio. It is a hundred times smaller than the units that power modern submarines, but is still more powerful and can switch into combat mode, that is to say, reach maximum capacity, 200 times faster.

The tests that were conducted enabled us to begin developing a new type of ***strategic*** weapon that would carry massive nuclear ordnance.

Please play the video.

(Video plays.)

By the way, we have yet to choose names for these two new ***strategic*** weapons, the global-range cruise missile and the unmanned underwater vehicle. We are waiting for suggestions from the Defence Ministry.

Countries with high research potential and advanced technology are known to be actively developing so-called hypersonic weapons. The speed of sound is usually measured in Mach numbers in honour of Austrian scientist Ernst Mach who is known for his research in this field. One Mach is equal to 1,062 kilometres per hour at an altitude of 11 kilometres. The speed of sound is Mach 1, speeds between Mach 1 and Mach 5 is called supersonic, and hypersonic is above Mach 5. Of course, this kind of weapon provides substantial advantages in an armed conflict. Military experts believe that it would be extremely powerful, and that its speed makes it invulnerable to current missile and air defence systems, since interceptor missiles are, simply put, not fast enough. In this regard, it is quite understandable why the leading armies of the world seek to possess such an ideal weapon.

Friends, Russia already has such a weapon.

The most important stage in the development of modern weapons systems was the creation of a high-precision hypersonic aircraft missile system; as you already know for sure, it is the only one of its kind in the world. Its tests have been successfully completed, and, moreover, on December 1 of last year, these systems began their trial service at the airfields of the Southern Military District.

The unique flight characteristics of the high-speed carrier aircraft allow the missile to be delivered to the point of discharge within minutes. The missile flying at a hypersonic speed, 10 times faster than the speed of sound, can also manoeuvre at all phases of its flight trajectory, which also allows it to overcome all existing and, I think, prospective anti-aircraft and anti-missile defence systems, delivering nuclear and conventional warheads in a range of over 2,000 kilometres. We called this system Kinzhal (Dagger).

Video, please.

(Video plays.)

But this is not all I have to say.

A real technological breakthrough is the development of a ***strategic*** missile system with fundamentally new combat equipment - a gliding wing unit, which has also been successfully tested.

I will say once again what we have repeatedly told our American and European partners who are NATO members: we will make the necessary efforts to neutralise the threats posed by the deployment of the US global missile defence system. We mentioned this during talks, and even said it publicly. Back in 2004, after the exercises of the ***strategic*** nuclear forces when the system was tested for the first time, I said the following at a meeting with the press (It is embarrassing to quote myself, but it is the right thing to say here):

So, I said: "As other countries increase the number and quality of their arms and military potential, Russia will also need to ensure it has new generation weapons and technology.

In this respect, I am pleased to inform you that successfully completed experiments during these exercises enable us to confirm that in the near future, the Russian Armed Forces, the ***Strategic*** Missile Forces, will receive new hypersonic-speed, high-precision new weapons systems that can hit targets at inter-continental distance and can adjust their altitude and course as they travel. This is a very significant statement because no country in the world as of now has such arms in their military arsenal." End of quote.

Of course, every word has a meaning because we are talking about the possibility of bypassing interception boundaries. Why did we do all this? Why did we talk about it? As you can see, we made no secret of our ***plans*** and spoke openly about them, primarily to encourage our partners to hold talks. Let me repeat, this was in 2004. It is actually surprising that despite all the problems with the economy, finances and the defence industry, Russia has remained a major nuclear power. No, nobody really wanted to talk to us about the core of the problem, and nobody wanted to listen to us. So listen now.

Unlike existing types of combat equipment, this system is capable of intercontinental flight at supersonic speeds in excess of Mach 20.

As I said in 2004, in moving to its target, the missile's gliding cruise bloc engages in intensive manoeuvring - both lateral (by several thousand km) and vertical. This is what makes it absolutely invulnerable to any air or missile defence system. The use of new composite materials has made it possible to enable the gliding cruise bloc to make a long-distance guided flight practically in conditions of plasma formation. It flies to its target like a meteorite, like a ball of fire. The temperature on its surface reaches 1,600-2,000 degrees Celsius but the cruise bloc is reliably guided.

Play the video, please.

(Video plays).

For obvious reasons we cannot show the outer appearance of this system here. This is still very important. I hope everyone understands this. But let me assure you that we have all this and it is working well. Moreover, Russian industrial enterprises have embarked on the development of another new type of ***strategic*** weapon. We called it the Avangard.

We are well aware that a number of other countries are developing advanced weapons with new physical properties. We have every reason to believe that we are one step ahead there as well - at any rate, in the most essential areas.

We have achieved significant progress in laser weapons. It is not just a concept or a ***plan*** any more. It is not even in the early production stages. Since last year, our troops have been armed with laser weapons.

I do not want to reveal more details. It is not the time yet. But experts will understand that with such weaponry, Russia's defence capacity has multiplied.

Here is another short video.

(Video plays.)

Those interested in military equipment are welcome to suggest a name for this new weaponry, this cutting-edge system.

Of course, we will be refining this state-of-the-art technology. Obviously, there is far more in development than I have mentioned today. But this is enough for now.

I want to specifically emphasise that the newly developed ***strategic*** arms - in fact, new types of ***strategic*** weapons - are not the result of something left over from the Soviet Union. Of course, we relied on some ideas from our ingenious predecessors. But everything I have described today is the result of the last several years, the product of dozens of research organisations, design bureaus and institutes.

Thousands, literally thousands of our experts, outstanding scientists, designers, engineers, passionate and talented workers have been working for years, quietly, humbly, selflessly, with total dedication. There are many young professionals among them. They are our true heroes, along with our military personnel who demonstrated the best qualities of the Russian army in combat. I want to address each of them right now and say that there will absolutely be awards, prizes and honorary titles but, because I have met many of you in person many times, I know you are not after awards. The most important thing is to reliably ensure the security of our country and our people. As President and on behalf of the Russian people, I want to say thank you very much for your hard work and its results. Our country needs them so much.

As I have already said, all future military products are based on remarkable advances that can, should and will be used in high-technology civilian sectors. I would like to stress that only a country with the highest level of fundamental research and education, developed research, technology, industrial infrastructure and human resources can successfully develop unique and complex weapons of this kind. You can see that Russia has all these resources.

We will expand this potential and focus on delivering on the ambitious goals our country has set itself in terms of economic, social and infrastructure development. Effective defence will serve as a guarantee of Russia's long-term development.

Let me reiterate that each of the armament systems I referred to is uniquely important. Even more importantly, taken together all these advances enable the Defence Ministry and General Staff to develop a comprehensive defence system, in which every piece of new military equipment will be assigned a proper role. On top of ***strategic*** weapons that are currently on combat alert and benefit from regular updates, Russia will have a defence capability that would guarantee its security in the long term.

Of course, there are many things that we have to do in terms of military construction, but one thing is already clear: Russia possesses a modern, high-technology army that is quite compact given the size of the territory, centred on the officer corps, who are dedicated to their country and are ready to sacrifice anything for its people. Sooner or later, other armies will also have the technology, the weapons, even the most advanced ones. But this does not worry us, since we already have it and will have even better armaments in the future. What matters is that they will never have people or officers like the Russian pilot Major Roman Filipov.

I hope that everything that was said today would make any potential aggressor think twice, since unfriendly steps against Russia such as deploying missile defences and bringing NATO infrastructure closer to the Russian border become ineffective in military terms and entail unjustified costs, making them useless for those promoting these initiatives.

It was our duty to inform our partners of what I said here today under the international commitments Russia had subscribed to. When the time comes, foreign and defence ministry experts will have many opportunities to discuss all these matters with them, if of course our partners so desire.

For my part, I should note that we have conducted the work to reinforce Russia's defence capability within the current arms control agreements; we are not violating anything. I should specifically say that Russia's growing military strength is not a threat to anyone; we have never had any ***plans*** to use this potential for offensive, let alone aggressive goals.

We are not threatening anyone, not going to attack anyone or take away anything from anyone with the threat of weapons. We do not need anything. Just the opposite. I deem it necessary to emphasise (and it is very important) that Russia's growing military power is a solid guarantee of global peace as this power preserves and will preserve ***strategic*** parity and the balance of forces in the world, which, as is known, have been and remain a key factor of international security after WWII and up to the present day.

And to those who in the past 15 years have tried to accelerate an arms race and seek unilateral advantage against Russia, have introduced restrictions and sanctions that are illegal from the standpoint of international law aiming to restrain our nation's development, including in the military area, I will say this: everything you have tried to prevent through such a policy has already happened. No one has managed to restrain Russia.

Now we have to be aware of this reality and be sure that everything I have said today is not a bluff - and it is not a bluff, believe me - and to give it a thought and dismiss those who live in the past and are unable to look into the future, to stop rocking the boat we are all in and which is called the Earth.

In this connection, I would like to note the following. We are greatly concerned by certain provisions of the revised nuclear posture review, which expand the opportunities for reducing and reduce the threshold for the use of nuclear arms. Behind closed doors, one may say anything to calm down anyone, but we read what is written. And what is written is that this strategy can be put into action in response to conventional arms attacks and even to a cyber-threat.

I should note that our military doctrine says Russia reserves the right to use nuclear weapons solely in response to a nuclear attack, or an attack with other weapons of mass destruction against the country or its allies, or an act of aggression against us with the use of conventional weapons that threaten the very existence of the state. This all is very clear and specific.

As such, I see it is my duty to announce the following. Any use of nuclear weapons against Russia or its allies, weapons of short, medium or any range at all, will be considered as a nuclear attack on this country. Retaliation will be immediate, with all the attendant consequences.

There should be no doubt about this whatsoever. There is no need to create more threats to the world. Instead, let us sit down at the negotiating table and devise together a new and relevant system of international security and sustainable development for human civilisation. We have been saying this all along. All these proposals are still valid. Russia is ready for this.

International cooperation

Our policies will never be based on claims to exceptionalism. We protect our interests and respect the interests of other countries. We observe international law and believe in the inviolable central role of the UN. These are the principles and approaches that allow us to build strong, friendly and equal relations with the absolute majority of countries.

Our comprehensive ***strategic*** partnership with the People's Republic of China is one example. Russia and India also enjoy a special privileged ***strategic*** relationship. Our relations with many other countries in the world are entering a new dynamic stage.

Russia is widely involved in international organisations. With our partners, we are advancing such associations and groups as the CSTO, the Shanghai Cooperation Organisation and BRICS. We are promoting a positive agenda at the UN, G20 and APEC. We are interested in normal and constructive cooperation with the United States and the European Union. We hope that common sense will prevail and our partners will opt for honest and equal work together.

Even if our views clash on some issues, we still remain partners because we must work together to respond to the most complex challenges, ensure global security, and build the future world, which is becoming increasingly interconnected, with more and more dynamic integration processes.

Russia and its partners in the Eurasian Economic Union seek to make it a globally competitive integration group. The EAEU's agenda includes building a common market for electricity, oil, petroleum products and gas, harmonising financial markets, and linking our customs authorities. We will also continue to work on a greater Eurasian partnership.

Colleagues, this is a turning period for the entire world and those who are willing and able to change, those who are taking action and moving forward will take the lead. Russia and its people have expressed this will at every defining moment in our history. In just 30 years, we have undergone changes that took centuries in other countries.

We will continue to confidently chart our own course, just as we always have. We will stick together, as we always have. Our unity is the most durable foundation for future progress. In the coming years, it is our goal to further strengthen this unity so that we are one team that understands that change is necessary and is ready to devote its energy, knowledge, experience and talent to achieving common goals.

Challenges and big goals give special meaning to our lives. We must be bold in our ***plans*** and actions, take responsibility and initiative, and grow stronger, which means being of use to our families, children, the whole country; changing the world and our country for the better; and creating the Russia that we all dream about. Only then will the next decade and the entire 21st century undoubtedly be an age of outstanding triumphs for Russia and our shared success. I believe it will be so.

Thank you.

Source: President of the Russian Federation website in English 1 Mar 18

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**Body**

Grupa Azoty in 2017: higher revenue and EBITDA Plastics continue as drivers of improving performance

In 2017, Grupa Azoty's revenue increased by over 7%, to PLN 9.6bn, while EBITDA came in at PLN 1.19bn - a 25% increase year on year. After adjusting the operating profit for one-offs disclosed in 2017, EBITDA margin almost equalled the historically best margin delivered in 2015, at 13.1%.

'2017 saw consistent implementation of the Grupa Azoty strategy. Efforts to expand the range of products for the ***agricultural*** sector, made with a view to diversifying revenue sources and developing the Group's research and development potential, were accompanied by the key process of consolidating the Group's selected functions. Growing revenue and operating earnings clearly confirmed the effectiveness of the Group's strategy combined with its skilful navigation of the macroeconomic and market environments. The Group is also consistently pursuing its investment ***programme***. In 2017, expenditure on ***strategic*** projects again topped PLN 1bn. Another noteworthy fact is our safe debt level: with a net debt to EBITDA ratio of about 0.3 we can implement our growth ***plans*** while retaining high credit ratings from financial institutions,' says Wojciech Wardacki, President of the Management Board of Grupa Azoty.

'We have reason to be satisfied with our financial results for 2017. Revenue posted by Grupa Azoty is over 7% higher than the year before, which - coupled with markedly improved EBITDA - allowed us to deliver a solid margin. In 2017, EBITDA including the effect of one-offs came in at PLN 1,262m, over 19% more than a year earlier. Given considerable challenges faced by the Agro Fertilizers segment, the improvement in performance was undoubtedly driven by Plastics. Having seen a steady rise in volumes for several quarters, the segment also has the capacity to generate higher margins through increased processing of products,' says Pawel Lapinski, Vice President of the Management Board of Grupa Azoty, responsible for finance.

Plastics

The Plastics segment was certainly a large contributor to higher revenue and stronger performance. Global PMIs, reflecting positive consumer sentiment in the manufacturing sector of key European economies, allowed us to respond to growing demand with an active pricing policy for our flagship plastic products. In addition, a flexible policy of caprolactam allocation within the Group pushed up the margin as caproactam was processed into higher-margin products and sales of PA6 volumes grew. In conclusion, the segment posted revenue of PLN 1.4bn (an increase of 27% year on year) and EBITDA of almost PLN 221m (up by nearly 900%).

Fertilizers

The Fertilizers segment experienced challenges related mainly to the marketing of its products. Growing imports of fertilizers, high stock levels and depreciation of the US dollar affecting global prices of ***agricultural*** ***produce*** and the purchasing power of farmers drove prices down, especially in the case of compound fertilizers. In nitrogen fertilizers, significant rises in gas prices eroded the unit margin. In the face of these challenges, the primary objective of the sales policy was to increase volume allocation on the Polish market in order to maintain EBITDA comparable year on year. In accounting terms, EBITDA fell by almost 10%, to PLN 484m. However, taking into account the recognised impairment losses/write-downs, EBITDA adjusted for one-offs would have been lower by only 2%.

Chemicals

In Chemicals, EBITDA rose by more than PLN 43m, to PLN 348m. Revenue increased by close to PLN 350m, to PLN 2.79bn. The growth was largely attributable to margins generated by the Pigments and OXO business, as well as effective allocation of urea to obtain higher-margin derivatives, such as AdBlue and NOXy. Particularly noteworthy is the Titanium White business (Pigments), which in 2017 recorded a close to 250% increase in EBITDA margin, to nearly 25%.

***Strategic*** investment projects

In 2017, Grupa Azoty's CAPEX totalled PLN 1.069bn, compared with estimates of PLN 1.3bn for the year. The difference was due to the fact that certain investment projects were completed at the turn of the financial year, which resulted in related expenditure not being accounted for until Q1 2018. This will affect CAPEX estimates for 2018. In addition, the implementation costs of many projects were kept below budget, with savings of up to 10%.

Successful consolidation

The Group has summed up the benefits of having consolidated the Polish chemical industry. For seven years now, an integration process has been in place at Grupa Azoty, allowing it to generate savings estimated at no less than PLN 710m. PLN 465m in procurement savings were achieved mainly on the back of lower ***strategic*** feedstock prices, an increase in gas volumes purchased on arm's length terms, centralised gas supply management, and leveraging the economies of scale. Production and maintenance shutdown synergies led to PLN 170m in additional savings. The Group-wide consolidation of logistics, including rolling stock optimisation, joint management of handling equipment, and consolidation of railway siding companies, generated PLN 69m in savings at the Group level. The IT consolidation measures supported projects carried out across all areas of the Group's business, improving their financial performance. The deployment of a common corporate IT and application environment, as well as upgrades of IT infrastructure, which streamlined team communication and collaboration, resulted in PLN 6m savings.

The ongoing consolidation has also significantly driven EBITDA growth and helped stabilise margins, making Grupa Azoty's business more stable and predictable. The Group's improved performance has increased its companies' borrowing capacity. In addition, a reduction of finance costs was achieved.

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[***Putin's state of the nation address - Kremlin transcript***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S64-BS21-DYRV-30G8-00000-00&context=1516831)

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**Body**

Russian President Vladimir Putin delivered his annual address to the Federal Assembly, a joint sitting of both houses of parliament, in Moscow on 1 March.The first part of the speech focused on economic issues, with the president in particular pledging to halve the number of Russians living below the poverty line. The second half of the speech focused on Russian advancements in military technology. Putin announced a new generation of nuclear weapons, including an intercontinental ballistic missile that, he said, could hit anywhere on the planet. The following is the text of the speech published in English by Russian presidential website on 1 March ([*http://bit.ly/2oyMdnb*](http://bit.ly/2oyMdnb)); subheadings have been inserted editorially:

Presidential Address to the Federal Assembly March 1, 2018, Moscow

The President of Russia delivered the Address to the Federal Assembly. The ceremony took place at the Manezh Central Exhibition Hall.

The presentation of the Address was attended by Federation Council members, State Duma deputies, members of the Government, leaders of the Constitutional Court and Supreme Court, governors, speakers of the legislatures of the constituent entities of the Russian Federation, the leaders of traditional religions, public figures, including the heads of regional civic chambers, as well as the leaders of major media outlets.

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'Very special landmark event'

President of Russia Vladimir Putin: Citizens of Russia, members of the Federation Council and State Duma,

Today's Address is a very special landmark event, just as the times we are living in, when the choices we make and every step we take are set to shape the future of our country for decades to come.

It is at such turning points that Russia has proven, time and again, its ability to develop and renew itself, discover new territories, build cities, conquer space and make major discoveries. This unwavering forward-looking drive, coupled with traditions and values, ensured the continuity in the thousand-year-long history of our nation.

We have gone through major challenging transformations, and were able to overcome new and extremely complex economic and social challenges, preserved the unity of our country, built a democratic society and set it on the path to freedom and independence.

We ensured sustainability and stability in almost all areas of life, which is critical for a huge and multi-ethnic country like ours with its complex federative structure and diversity of cultures, with historical divides that are still alive in people's memory and major challenges Russia had to face over the course of its history.

However, sustainability is the foundation of development but not its guarantee. We have no right to allow a situation when the stability that has been achieved would lead to complacency, all the more so as many problems remain unresolved.

Today, Russia ranks among the world's leading nations with a powerful foreign economic and defence potential. But we have not yet reached the required level in the context of accomplishing our highly important task and guaranteeing people's quality of life and prosperity. But we must do this, and we will do this.

'Technological lag'

As I said in the past, the state's role and positions in the modern world are not determined only or predominantly by natural resources or production capacities; the decisive role is played by the people, as well as conditions for every individual's development, self-assertion and creativity. Therefore, everything hinges on efforts to preserve the people of Russia and to guarantee the prosperity of our citizens We must achieve a decisive breakthrough in this area.

I repeat, a solid foundation has been created for this. Therefore, we can now set and accomplish new tasks. We already have substantial experience in implementing ambitious ***programmes*** and social projects. The Russian economy has proved its resilience, and the current stable macro-economic situation opens up new opportunities for surging ahead and maintaining long-term growth.

Finally, the world is now accumulating a tremendous technological potential making it possible to achieve a real breakthrough in improving the people's quality of life and modernising the economy, the infrastructure and state governance and administration. How effectively we will able to use the colossal potentialities of the technological revolution, and how we will respond to its challenges depends on us alone. In this sense, the next few years will prove decisive for the country's future. I reiterate, these years will be decisive.

I will tell you why. What I will say now has no connection to the domestic political cycle or even the presidential election. No matter who is elected President, each Russian citizen and all of us together must be able to see what is going on in the world, what is happening around us, and what challenges we are facing.

The speed of technological progress is accelerating sharply. It is rising dramatically. Those who manage to ride this technological wave will surge far ahead. Those who fail to do this will be submerged and drown in this wave.

Technological lag and dependence translate into reduced security and economic opportunities of the country and, ultimately, the loss of its sovereignty. This is the way things stand now. The lag inevitably weakens and erodes the human potential. Because new jobs, modern companies and an attractive life will develop in other, more successful countries where educated and talented young people will go, thereby draining the society's vital powers and development energy.

As I have said, changes concern the entire civilization, and the sheer scale of these changes calls for an equally powerful response. We are ready to provide it. We are ready for a genuine breakthrough.

My confidence is based on the results we have achieved together, even though they may seem modest at first glance, as well as on the unity of Russian society and, most importantly, on the huge potential of Russia and our talented and ingenious people.

In order to move forward and to develop dynamically, we must expand freedom in all spheres, strengthen democratic institutions, local governments, civil society institutions and courts, and also open the country to the world and to new ideas and initiatives.

It is high time we take a number of tough decisions that are long overdue. We need to get rid of anything that stands in the way of our development and prevents people from fully unleashing their potential. It is our obligation to focus all resources and summon all our strength and willpower in this daring effort that must yield results.

Otherwise, there will be no future for us, our children or our country. It is not a question of someone conquering or devastating our land. No, that is not the danger. The main threat and our main enemy is the fact that we are falling behind. If we are unable to reverse this trend, we will fall even further behind. This is like a serious chronic disease that steadily saps the energy from the body and destroys it from within step by step. Quite often, this destructive process goes unnoticed by the body.

We need to master creative power and boost development so that no obstacles prevent us from moving forward with confidence and independently. We must take ownership of our destiny.

Poverty

Colleagues,

What should be our priority? Let me reiterate that I believe that the main, key development factor is the well-being of the people and the prosperity of Russian families.

Let me remind you that in 2000, 42 million people lived below the poverty line, which amounted to nearly 30 percent - 29 percent of the population. In 2012, this indicator fell to 10 percent.

Poverty has increased slightly against the backdrop of the economic crisis. Today, 20 million Russian nationals live in poverty. Of course, this is much fewer than the 42 million people in 2000, but it is still way too many. There are even working people who have to live very modest lives.

For the first time in our recent history, the minimum wage was equated with the subsistence level. This provision will come into force on May 1, 2018, and will benefit about 4 million people. This is an important step but it still falls short of offering a fundamental solution.

We need to upgrade the employment structure that has become inefficient and archaic, provide good jobs that motivate people, improve their well-being and help them uncover their talents. We need to create decent well-paid jobs. This would help deliver on one of the key objectives for the next decade, which is to guarantee sustained long-term real income growth, and to reduce the poverty rate by at least one half over the next six years.

It is our moral duty to provide all-round support to members of the older generation, who have made a tremendous contribution to national development. Senior citizens must have worthy conditions for a long, active and healthy life. Most importantly, we must raise pensions and index them regularly, so that they outpace inflation. We will also strive to reduce the gap between the size of pensions and pre-retirement wages. And, of course, we must raise the quality of healthcare and social support for senior citizens and help people who are alone and those facing problems in life.

We need to address all these issues using a comprehensive approach. As I see it, the future new Government will have to draft a special ***programme*** for the systematic support of senior citizens and for improving their quality of life.

We consider every person important and valuable. People need to know that they are needed, and they must live a long and healthy life and enjoy their grandchildren and great-grandchildren. They need to see their children grow up and become successful in a powerful, rapidly developing and successful country that is attaining new development levels.

Russia must firmly assert itself among the five largest global economies, and its per-capita GDP must increase by 50 percent by the middle of the next decade. This is a very difficult task. I am confident that we are ready to accomplish it.

Of course, life expectancy is a highly important fundamental parameter for gauging the well-being of citizens and the country. In 2000, Russia posted a life expectancy of just over 65 years, with men's life expectancy falling below 60 years. This is not just low, it is a tragedy, and this parameter is tragically inadequate.

In the past few years, Russia has been posting a major increase in average life expectancy levels, which is among the highest in the world. We have managed to accomplish this task. Life expectancy levels have increased by over seven years and now total 73 years. But, of course, this is not enough either. Today, we must set an entirely new goal. By the end of the next decade, Russia must confidently join the club of countries posting a life expectancy of 80-plus years, which includes Japan, France and Germany.

At the same time, life expectancy levels for people living a healthy, active and full life, when they are not hampered and pinned down by illness, must grow faster than ***planned***. I am confident that we can achieve this goal, considering the positive trends of the previous years. For this purpose, the whole of Russia will have to make a quantum leap in its development, so that the life of every person is transformed.

'Spatial development ***programme***'

Colleagues,

We need to create a modern living environment and transform cities and villages across the country. In doing so, we must make sure that they preserve their identity and historical heritage. We already have positive experience in renovating the urban environment and infrastructure. Let me elaborate on this point. Cities like Kazan, Vladivostok and Sochi have already benefited from upgrades of this kind. Change is underway in many regional capitals and smaller cities. Overall, we now know how to do it.

I propose launching a large-scale spatial development ***programme*** in Russia, which would include developing cities and other communities by at least doubling spending in this area over the next six years.

It is obvious that the effort to develop cities and other communities goes hand in hand with the need to overcome challenges in other areas, including healthcare, education, environment and transport. Initiatives in all these segments will require additional funding. I will talk about this matter further in my Address.

Urban renovation should be supported by the introduction of state-of-the-art construction technology and materials, modern architectural solutions, digital technology for social services, transport and utilities sectors. Among other things, this would make the housing and utilities sector more transparent and efficient, so that people receive quality services at a reasonable cost.

This large-scale project brings the promise of better economic and social development prospects, a modern living environment, and a favourable climate for cultural and civil initiatives, for small businesses and start-ups. All this would facilitate the emergence of a large and creative middle class in Russia.

Of course, a lot will depend on municipal and local authorities and whether they will be receptive to new ideas. The ability to respond to the diverse needs of various generations, including families with children, retirees and people with disabilities, will also be instrumental. People must have a decisive say in the future of their cities and villages. We have discussed this many times, including at meetings with heads of municipalities. Today, I am not saying it just to check the box. I ask you to bring it to the attention of decision-makers at all levels.

It is important that the development of cities becomes the driving force for the whole country. Russia is a country with a vast territory, and its active, dynamic life cannot be concentrated in several metropolitan cities. Big cities must distribute their energy, and serve as a support for the balanced, harmonious spatial development of the whole of Russia.

Therefore, there is an urgent need for an appropriate modern infrastructure. I will return to this later. However, it is obvious that developed utilities is what will enable residents of small towns and villages to take advantage of all the opportunities and modern services that are available in big cities, and smaller towns will be closely integrated into Russia's single social and economic space. At the same time, we will support initiatives that will help our small towns and villages to preserve their cultural identity, to re-discover their unique potential in a new way.

Particular attention will be paid to the social and infrastructural development of rural areas. Russian ***agriculture*** has already become a globally competitive industry. Therefore, people who work for this success should live a comfortable and modern life.

Housing

Colleagues,

I understand how important it is for everyone, for every family, to have their own house, their own home. I know this is the problem of problems in Russia. It lingers from decade to decade. How many times governments promised and tried, sincerely tried to resolve it. But we can and must do it now.

In 2017, three million families in Russia improved their living conditions. Now we need to reach a stable level (I emphasise this: it is the first time in the history of modern Russia) - to a level where at least five million families improve their housing conditions annually. This is a difficult task - to jump from three million to five. We reached 3.1 million last year, but we need to make it five. Yet, it is an attainable goal.

I see three key factors for increasing the affordability of housing. The first is the growth of people's incomes. I have spoken about this in the past, and we must ensure this. Next, a decrease in mortgage interest rates and, of course, an increased supply in the housing market.

I would like to remind you of something that few people remember, which is that only 4,000 mortgage loans were issued in 2001. Only 4,000. The interest rate was as high as 30 percent, including on foreign currency loans. By the way, half of the mortgage loans were issued in foreign currency. Few people could afford to take out mortgage loans then. Last year, the number of mortgage loans almost reached one million. In December, the average interest rate on ruble loans for the first time decreased to below 10 percent.

We know, of course, that loan terms are individual and may differ from one borrower to another. But we must continue to lower the average interest rate to 7-8 percent. We held long discussions on the figure I should say here. I am sure that the target figure should be 7 percent. In the next six years, mortgage loans must become accessible to the majority of Russian families, working people and young professionals.

Here are some more figures. In the 1950s through 1970s, we annually built approximately 60 million square metres of housing a year. The figure rose to 70 million by the late 1990s. Now we annually build around 80 million square metres of housing every year. We built even more housing in some years, but the average figure is 80 million. We must move forward and reach new heights in this sphere, that is, increase the volume of housing built every year from 80 million to 120 million square metres. This is an ambitious but realistic goal, given new technologies, the experience our construction companies have accumulated, as well as new materials. The rise from 80 to 120 million square metres is what we need and can achieve. I will tell you why: if we want 5 million families to receive new housing every year, we must reach the figure of 120 million square metres.

Those who invest their money in housing projects must be securely protected. We should gradually proceed from unit construction to project financing, when developers and banks, but not people, shoulder the risks.

I also propose revising the personal property tax. It must be fair and affordable.

Some people, including those in this hall, tried to convince me that this tax should be based on the market value of property. They told me that using obsolete valuation by the Technical Inventory Bureau is an anachronism. But it turned out in reality that cadastral value, which should be comparable to market value, often exceeded it by far. This was not the agreement. And the people did not expect this from us.

We must revise the mechanism for calculating the tax and also the calculation of the cadastral value of property. One way or another, it must not exceed the real market value. All decisions regarding this must be taken without delay in the first six months of this year.

Infrastructure development, high-speed internet

Colleagues,

We must penetrate the whole country with advanced communications to develop cities, towns, to enhance business activity and to meld together Russia's entire territory.

The Crimean Bridge will open to cars in just a few months and to trains next year. This will stimulate the development of Crimea and the entire Russian Black Sea region.

We have overhauled federal roads. Now we must modernise regional and local routes. I am not going to talk about the figures now, but I know them. It is a fact that federal roads have mostly been renovated. The situation is somewhat worse with regional roads, and it is completely unacceptable with local roads. I address this to regional and city heads: you must constantly focus your attention on the roads. You must improve the quality of road construction using advanced technology and solutions, infrastructure mortgage loans and life cycle contracts.

Of course, another critical task is to improve safety on the roads and to decrease the mortality rate in road accidents to the minimum.

Overall, in the next six years, we must almost double the spending on road construction and repairs in Russia and to allocate more than 11 trillion roubles for this from all sources. This is a lot; keep in mind that we have allocated 6.4 trillion rubles in 2012-2017, but we need 11 trillion.

Large Eurasian transport corridors will also be developing. An automobile road that will become part of the Europe - Asia-Pacific corridor is already under construction. Our Chinese and Kazakhstani partners involved in this project together with us have already completed their part. Their sections have already been opened, so we need to speed up our work.

The throughput capability of the Baikal-Amur Mainline and the Trans-Siberian Railway will grow 1.5 times, up to 180 million tonnes, in six years. It will take seven days for containers from Vladivostok to reach the western borders of Russia. This is just one of the infrastructure projects that will bring quick economic returns. It includes freight, so all investment will be paid off very quickly and will contribute to these regions' development.

The volume of transit shipments on our railways must grow almost fourfold. This means that Russia will become a global leader in transit shipping between Europe and Asia.

In 1990, the ports of the Soviet Union had an aggregate capacity of 600 million tonnes, but after the country broke apart, we lost almost half. In the early 2000s, Russian ports could handle only 300 million tonnes. Over the last 17 years, this figure has tripled. In early 2017, the aggregate port capacity in Russia exceeded 1 billion tonnes for the first time in history. As you can see from the charts, this exceeds the level reached by the Soviet Union by more than two thirds. By the way, these are the figures for early 2017, and the capacity currently stands at 1,025 billion tonnes.

We need to further expand this capacity, including by increasing the capacity of railway links to ports in the Azov and Black Sea basin 1.5-fold to 131 million tonnes.

The Northern Sea Route will be the key to developing the Russian Arctic and Far East. By 2025, cargo traffic along this route will surge tenfold to 80 million tonnes. Our goal is to make it a truly global and competitive transport route. Let me remind you that the Northern Sea Route was used more actively in Soviet times compared to how we have been using it so far. We will definitely develop this route and reach new horizons. I have no doubt about it.

We will continue our proactive policy to attract investment and create social and economic growth centres in Russia's Far East. We will create all the conditions to ensure a people-friendly living environment, so that people move to this region and its population grows.

A number of large-scale industrial projects have been launched in the Arctic. They comply with the highest environmental standards. We are strengthening the research, transport, navigation and military infrastructure, which is expected to guarantee Russia's interests in this ***strategic*** region. Russia builds cutting-edge nuclear icebreakers. We have had the most powerful icebreaker fleet in the world, and this will remain so.

We will renovate and expand the network of regional airports across Russia. In six years, half of the regions will be connected between each other by direct flights. The situation where you had to make a connection in Moscow when flying to a neighbouring region will become a thing of the past. We are already working on this. This includes efforts to develop aviation and airports.

The Spatial Development Strategy will serve as a foundation for preparing a comprehensive ***plan*** to modernise and expand the backbone traffic infrastructure. I believe this to be a priority for the future Government.

Russia must not just become the world's key logistics and transport hub, but also, which is very important, a global centre for the storage, processing, transfer and reliable protection of large volumes of information, so-called big data.

Overall, infrastructure development must take into account global technological changes. In other words, the projects we are now considering must include practical solutions for combining infrastructure with drones and digital marine and air navigation, as well as use AI to streamline logistics.

Likewise, we must introduce new technologies for the generation, storage and relay of energy. In the next six years, we ***plan*** to attract some 1.5 trillion rubles in private investment for modernising our power generation sector. All power systems throughout the country must convert to digital technology. We must use the so-called distributed generation method to supply electricity to remote areas.

By 2024, high-speed internet will be available throughout the country. We will complete the construction of fibre optic lines in the majority of populated areas with a population of more than 250 people. Small remote towns in the Extreme North, Siberia and the Russian Far East will access internet via a network of Russian satellites.

We will use advanced telecommunications to give our people access to the digital world. As we know, this is more than just modern services, online education and telemedicine, although all this is very important. More than that, people will be able to use digital space to conduct research, organise volunteer and project groups or run companies. In our vast country, this combination of talent, competencies and ideas amounts to a huge ground-breaking resource.

Healthcare

Colleagues,

A crucial task facing every one of us is to make advanced high-quality healthcare widely accessible. We must be guided by the highest international standards in this area.

In 2019-2024, we need to spend over 4 percent of the GDP each year to develop the healthcare system. At the same time, the goal we must bear in mind is 5 percent. In absolute terms, this means that healthcare spending must double. In addition, we must find new funding opportunities that would not limit economic growth.

I would like to thank doctors, paramedics and nurses for their difficult and highly necessary work. A great deal depends on these people, as well as on teachers, counsellors and cultural workers, and they must receive decent salaries.

We have done a lot to implement the 2012 May executive orders. I must say that there were several failures, but overall, despite the demanding targets of these orders, without them we would not have had the results we can see today. We must always set ambitious tasks.

We must not lose the positions we have already attained. I am referring to the level of wages. Wages in the public sector must continue growing, as well as the quality of work and skills of the people working in healthcare, education and other areas that define people's wellbeing.

In recent years, we have optimised the hospital network in the country. This was done in order to build an effective healthcare system. However, in some case, I have to say this today, too many administrative changes were introduced: hospitals in small towns and villages have been closed. No one proposed an alternative, and people were left with practically no medical aid. The only advice they were given was, "Go to the city to get treatment there." I must say that this is unacceptable. They forgot about the main thing: the people, their interests and needs, equal opportunities and justice.

This must not happen in healthcare or any other area. We must provide, or restore where necessary, easy access to primary healthcare. We can do this, but we should have done this from the very beginning, when we started the reforms.

This must be done as quickly as possible. In the period from 2018 to 2020, we must ensure that each small town with a population of 100 to 2,000 people has a paramedic station and an outpatient clinic. For villages with less than 100 people - we also have villages as small as that - we will organise mobile medical units, all-terrain vehicles with all the necessary diagnostic equipment.

These projects should be closely monitored. I consider them extremely important. And I also ask the Russian Popular Front to stay in contact with people, to keep an eye on the situation on the ground. At the same time, outpatient clinics and paramedic stations, regional healthcare facilities and leading medical centres should be linked into a single digital network so that the entire national healthcare system is involved in helping each person.

Disease prevention is a vitally important task. In the 1990s, this work was largely neglected. We began to restore it. We need to provide all people with a real opportunity to have a complete physical at least once a year. This is also important for encouraging a responsible attitude to one's own health.

Modern diagnostics will reduce mortality among the working age population, and consolidate the positive trends in treating cardiovascular disorders. We can see these positive trends, which is very good. But we also need to fight other threats such as cancer.

Colleagues, I think that practically every one of us has relatives or friends or friends of friends afflicted with this disease - cancer. I propose to implement a special national cancer ***programme***, to involve scientists and the national pharmaceutical industry, to modernise oncological centres, to build a modern system from early diagnosis to timely effective treatment that will protect people. We have positive experience in this area. We must reach the cutting-edge, the highest level of all the key indicators that show the effectiveness of cancer care - experts should know what they are.

Environment

Colleagues,

Medical assistance alone is not enough to protect public health. We must also ensure high standards of environmental safety across Russia.

A long a healthy life is hard to achieve when millions of people drink substandard water, when we see black snow, as it happened in Krasnoyarsk, and when people in large industrial centres such as Cherepovets, Nizhny Tagil, Chelyabinsk or Novokuznetsk do not see the sun for weeks on end.

We have tightened environmental requirements for companies, which should reduce industrial pollution. Starting in 2019, 300 industrial enterprises with a negative impact on the environment must convert to the best available environmentally friendly technology, and all enterprises in the high environmental risk group must do this starting in 2021.

We had a go at this problem many times, and every time our companies complained about the difficulties involved. There is no going back now. I want everyone to know that we will not delay this ***programme*** any longer.

We also need to modernise our thermal power plants, boiler houses and utility services, build bypass routes to ease transit traffic congestion in large cities, as well as use low-impact public service vehicles. The authorities and public volunteers have reported some 22,000 landfill sites. We must address this problem as a priority, starting with the removal and reclamation of landfill sites within city limits.

We must seriously improve the quality of drinking water. In some small towns, water is only available for several hours a day. We must use defence industry technologies to settle these problems.

We will launch conservation projects for the unique natural systems of Lake Baikal and Lake Teletskoye, as well as the entire Volga Basin, which will help improve living conditions for nearly half of Russia's population.

We will establish 24 new nature reserves and natural parks. They should be open for ecotourism, which is important for encouraging a caring and responsible attitude to nature.

Culture, education, information technologies

Colleagues,

The year 2018 in Russia has been declared the Year of Volunteers. It is highly symbolic that the year started with the adoption of a law whereby authorities at all levels were tasked with assisting volunteers. Today, proactive and concerned citizens and socially-minded NPOs contribute to addressing crucial issues. It is the involvement of the people in national affairs and their civic engagement, as well as cultural, moral and spiritual values that make us a single people capable of achieving ambitious goals.

It is essential that we preserve our identity in the era of major technological shifts. In this regard, culture has a key role to play as a national civilisational code that can unlock the human creative potential.

I propose launching a ***programme*** to establish cultural, educational and museum complexes in the regions. They will offer concert venues, drama, music and dance schools and other creative institutions, as well as exhibition spaces where the country's leading museums can display their treasures. Why store so many works of art in museum warehouses? I am talking about centres of culture that would be open to young people and people of all ages. The first project of this kind will be carried out in Vladivostok, and other regions and cities across Russia will be selected at a later time.

Colleagues, our children want to see a forward-looking Russia. You can find many sincere reflections along these lines in school essays. Having bold dreams always helps if you are seeking to achieve an ambitious goal. We must help every child discover his or her talent and help them live up to their potential. The future of Russia is in its classrooms. Schools must respond to the current challenges in order for the country to do the same.

International experts agree that Russia has one of the best primary school systems in the world. We will keep up our proactive efforts to develop general education at all levels. Let me emphasise that every child should have access to a quality education. Equal educational opportunities are a powerful driver in terms of promoting national development and social justice.

We need to shift to completely new education methods, including personalised learning, in order to cultivate in our children a readiness for change and creative curiosity, and teach them to work in teams, which is very important in the modern world, and other life skills applicable to the digital era. We will absolutely support talented teachers who are motivated to pursue continuous professional growth. And, of course, we need to build an open and modern system for school management selection and training. School administrators are the ones in charge of building a strong faculty and productive morale.

We will continue to enhance the comprehensive system to support and develop our children's creative skills and talents. This system must extend to the entire country and incorporate the resources of such projects as Sirius and Quantorium, as well as extracurricular education centres and children's creative centres all over Russia.

We need to build a modern career guidance system where schools partner with universities, research groups and successful companies. I propose starting a new early career guidance ***programme*** for schoolchildren, Ticket to the Future, from the next academic year. The ***programme*** will allow kids to try out real jobs in major Russian companies. We will allocate 1 billion rubles for this project this year alone.

I believe mentorship is another important aspect to improve. Only by bringing together advanced knowledge and moral foundations, by ensuring a true partnership and mutual understanding between generations can we become stronger.

Colleagues, today knowledge, technology and expertise make the most important competitive advantages. They are the key to a real breakthrough and improved quality of life.

As soon as possible, we need to develop a progressive legal framework and eliminate all barriers for the development and wide use of robotic equipment, artificial intelligence, unmanned vehicles, e-commerce and Big Data processing technology. And this legal framework must be continuously reviewed and be based on a flexible approach to each area and technology.

We have all the resources to promptly implement 5G and Internet of Things technologies.

We need to build our own digital platforms. It goes without saying that they should be compatible with the global information space. This would pave the way to reorganising manufacturing processes, financial services and logistics, including using blockchain technology, which is very important when it comes to financial transactions, property rights, etc. These initiatives have real-world application.

We need to start making or localising key technologies and solutions, including those used in developing the Arctic and the sea shelf, and building new energy, transport and urban infrastructure systems. This is also important in areas related to improving the quality of life, such as cutting-edge rehabilitation tools for people with disabilities.

It is our duty to support high-technology companies, offer start-ups a favourable environment and introduce new industrial solutions. I am talking about a user-friendly infrastructure, taxation systems, technical regulations and venture financing.

Technological development should be firmly rooted in fundamental research. Over the recent years, we have been able to expand research, and are now leading in a number of areas. The Russian Academy of Sciences and Russia's leading research institutions made a major contribution to achieving this.

Building on the advances made in the preceding years, including in developing the research infrastructure, we need to take our research to a new level. Projects to build cutting-edge mega science research facilities are already underway in Gatchina and Dubna. The Council for Science and Education has adopted a decision recently to build a powerful synchrotron collider at the Novosibirsk Akademgorodok and a new generation collider in Protvino, Moscow Region.

With these facilities, Russia will become one of the world's leading countries in terms of the capability and performance of its research infrastructure. These units will give a serious competitive edge to Russian research teams and high-technology companies, for example for developing new medications, materials and microelectronics.

Of course, this infrastructure and ambitious research projects will not fail to attract our compatriots and researchers from abroad. In this regard, we need to create a legal framework that would enable international research teams to operate in Russia.

Large research and education centres should begin working to full capacity. They will integrate the possibilities of universities, academic institutions, and high-tech companies. Such centres are already being set up in Kazan and Samara, Tomsk and Novosibirsk, Yekaterinburg and Tyumen, Vladivostok and Kaliningrad, and other cities.

It is important to focus them on the implementation of major interdisciplinary projects, including in such a promising field as genome research. A cardinal breakthrough in this area will pave the way to developing new methods for diagnosing, preventing and treating many diseases, and will expand the selection possibilities in ***agriculture***.

We need to reinforce the superiority of the national mathematics school. It gives Russia a strong competitive edge in the age of digital economy. International mathematics centres will also provide platforms for such work. These are already operating in Kazan and Novosibirsk. Following the adopted decisions, we will open more in St Petersburg, Moscow and Sochi.

Young Russians are already proving their leadership in science and in other areas. Last year, Russian schoolchildren won 38 medals at international academic competitions. Our teams triumphantly won the Olympiad in natural sciences and robotics, the WorldSkills competition, and our students showed the best results in ***programming*** for the twelfth time.

Based on the best practices and experience, we need to quickly modernise the vocational education system, achieve qualitative changes in the training of students, especially in the advanced areas of technological development, to establish the 'applied bachelor' level in those vocational professions that actually require an engineering degree, and also to organise centres for advanced professional retraining and professional growth.

I also propose creating the most convenient and attractive conditions for talented young people from other countries to enrol at our universities. They already come to study here. But we also need to create conditions for the best foreign graduates of our universities to work in Russia. This fully applies to foreign scientists and qualified specialists.

I think we need to seriously improve the procedure for granting Russian citizenship. The focus should be on the foreign nationals Russia needs: on young, healthy and well-educated people. For them, we need to create a simplified system for obtaining Russian citizenship.

Economy

Colleagues,

To ensure breakthrough development and upgrade education, healthcare and the quality of the urban environment and infrastructure, it will be necessary to allocate considerable additional funds in the next six years for these purposes.

Question: at what expense? Where do we get these funds? First of all, it is essential to clearly prioritise these tasks and enhance the efficiency of government spending. It is necessary to involve private companies more actively in funding major projects. The future Government will have to establish new taxation rules as soon as possible. They should be stable and fixed for the next few years.

Let me emphasise that we need such fiscal solutions that would ensure budget revenues at all levels and guarantee the implementation of all social commitments. Importantly, they should encourage rather than impede economic growth. It is the build-up of economic potential of the country and each of its regions that is the main source of additional resources. To achieve this, our economic growth rates should exceed those of the world's. This is a difficult task but not instance case of wishful thinking. This is a fundamental condition for a breakthrough in resolving social, infrastructure, defence and other tasks. The new Government should set itself the goal of reaching such growth rates as its key guideline.

In the last few years, we have enhanced the sustainability of our economy. The dependence of the economy on hydrocarbon prices has been substantially reduced. We have increased our gold and currency reserves. Inflation has dropped to a record low level - just over two percent. Of course, we all understand that the growth of prices for many basic necessities is much higher. This should be strictly monitored by different agencies, including the Anti-Monopoly Service. But on the whole, this low inflation level creates additional opportunities for development. Let me remind you that quite recently, in 2015, inflation was almost 13 percent - 12.9 percent to be exact.

In effect, Russia has formed a new macroeconomic reality with low inflation and general economic sustainability. For the people this is a condition for real income growth and cheaper mortgage loans. For entrepreneurs it means predictability in business and cheaper loans. Business should also adapt to these new macroeconomic conditions. Finally, it makes it possible to attract long-term loans and private investment into large-scale infrastructure projects.

Now we have an opportunity, without speeding up inflation, and maintaining a careful and responsible approach, to gradually cut interest rates and make loans more affordable. I count on the support of the Bank of Russia in that, while making its decisions, implementing monetary policy measures and developing financial markets, it will work in contact with the Government in the interests of the common goal of creating a proper environment for increasing the economic growth rates.

In order to further change the national economy structure and improve its competitiveness, it is imperative to use the sources of growth at a fundamentally different level. Where are they? First of all, it is important to increase labour productivity on a new technological, managerial and personnel basis. We are still lagging noticeably behind in terms of this indicator.

It is necessary to ensure that labour productivity in medium-sized and large enterprises of basic industries, such as manufacturing, construction, transport, ***agriculture*** and trade, grows at a rate of at least 5 percent per year, which will allow us to reach the level of the leading world economies by the end of the next decade.

I want to emphasise that increasing productivity is also about higher wages and, hence, increased consumer demand. In turn, this constitutes an additional driver for economic growth.

All our actions should push companies to ***produce*** technically complex products and to implement more efficient technologies. It is necessary to make an inventory of subsidies and other instruments for direct support of industries, and to target them on making competitive goods.

Increased investment is the second source of growth. We have already set the task of bringing it up to 25 percent of the GDP, and then to 27 percent. Unfortunately, this goal has not been achieved yet. To ensure sustainable growth, we need to do so at all costs. I hope that the new Government in conjunction with the Bank of Russia will present a concrete ***plan*** of action in this area.

Investment should be primarily used for upgrading and technologically re-equipping the industries and retrofitting the manufacturing industry. We need to ensure the highest dynamics here, to reach a level where, on average, every second enterprise within a year carries out technological changes. That is when the renewal effort in the economy and industry will be noticeable.

Promoting small businesses is the third large-scale reserve of economic growth. By the middle of the next decade, their contribution to the country's GDP should approach 40 percent, and the number of employed there should grow from 19 million to 25 million people.

One of the main problems facing entrepreneurs is access to financial resources. There is a government ***programme*** in place for small production businesses that offers loans with only 6.5 percent interest. I think this ***programme*** must continue. Overall, this support mechanism must become widely available.

Finally, another source of growth is the development of non-resource exports. It is necessary to remove all administrative barriers and create the most favourable conditions for the companies entering foreign markets.

Within the next six years, we must double the amount of non-resource and non-energy exports to reach $250 billion - specifically, increase machine engineering exports to $50 billion. Exports of services, including education, healthcare, tourism and transport, must reach $100 billion per year.

In the early 2000s, we were deeply dependent on food imports. The situation has turned around completely. Now we are on the verge of more changes. In just four years from now, we ***plan*** to be supplying more food to global markets than we will be importing from abroad. We need to increase exports of meat and high-added value products, as well as to make the country more self-sufficient in beef, milk and vegetable supplies.

I want to stress that development of the ***agricultural*** industry is strongly related to commodity production. However, this development must not be at the expense of small farms and their workers. We must support family businesses and farmers. We will develop cooperative ***agriculture*** and create conditions for residents of rural areas to increase their income. Every now and then we hear about problems with people's interests being affected, I am aware of them. Such cases must be taken very seriously.

Nevertheless, I want to say thank you to the ***agricultural*** industry workers for the record-breaking harvest of 134 million tonnes. Note that it is more than the record harvest in the Soviet Union. In 1978, the USSR ***produced*** 127.4 million tonnes. Now it is common for Russia to exceed 100 million tonnes.

Clearly, such a large harvest has a downside as well. The prices have gone down; there are some storage and transport issues. We have established discount rates on transporting crops by railway until July 1, 2018, to support our ***producers***.

It is necessary to consider extending this measure to the next harvesting seasons as well as to arrange additional deliveries to the Urals, Siberia and the regions far away from ports. We must help those who want and can process crops locally. Added value needs to be increased. Then we can go into the livestock industry with this product. We will certainly discuss these and other problems reported by ***agricultural*** workers at the ***agricultural*** ***producers***' forum in March, and will elaborate on additional measures to support the industry.

Business climate

Colleagues,

In order for the economy to operate at its full capacity, we need to radically improve the business climate and guarantee entrepreneurial freedom and competition.

Let me highlight a fundamental point in this regard. The state must gradually reduce its share in the economy. In this connection, it has to be noted that the state has taken over a number of financial assets in an effort to revive the banking sector. These initiatives are headed in the right direction and have my support. That said, these assets should be put on the market and sold without delay.

We need to get rid of everything that enables corrupt officials and law enforcement officers to pressure businesses. The Criminal Code should not serve as a tool for settling corporate disputes. These should be referred to administrative and arbitration courts.

I ask the Working Group on Monitoring and Analysing Law Enforcement Practice in Entrepreneurial Activity, together with the Supreme Court, law enforcement agencies, the Prosecutor's Office and representatives of the business community to draft specific proposals on this subject. This matter should not be approached in a light-minded manner. All the proposals must undergo careful examination and approval, and this should be done as soon as possible.

At the same time, criminal law should be strictly enforced in the case of offences infringing upon the interests of citizens or society or violating economic freedoms. I am referring to offences against property and assets held by citizens, illegal takeovers, competition law violations, tax evasion and embezzlement of public funds.

I would now like to move on to another important subject. While the number of various inspections seems to be declining, during meetings with businesses I often hear that radical change has yet to materialise. The presence of inspectors at enterprises should become the exception, and be limited to high-risk facilities. Otherwise, remote monitoring methods can be used. The entire control and oversight system should move to a risk-oriented approach within two years. Let me remind you that the relevant legislative framework is already in place.

It is important to support start-up entrepreneurs, to help people take the first step, so that they can open their own businesses with just one click, make the compulsory payments, receive services and loans online.

Sole proprietors and self-employed individuals who use digital services, generally need to be freed from reporting, and allowed to pay taxes via a simple transaction in automatic mode. As for businesses that use cash register equipment, their tax reporting needs to be simplified. You know, this is just a routine issue, at first glance, but this tedious routine is what prevents us from moving forward vigorously. We need to do everything to clean out this space. I will add that the intensive introduction of digital technologies and platforms will allow us to make consistent progress towards greater transparency and away from shadow economy.

Now I would like to address all representatives of Russian business, those who run their own small business, a family enterprise or a farm, an innovative company or a large industrial enterprise. I know, I know we still have a lot to do. And I assure you, we will do everything to give our entrepreneurs new opportunities to expand production, to open businesses and to create modern jobs. But at the same time I expect that Russian business will increase its contribution to the country's breakthrough development, and respect for entrepreneurial work in society will grow. It is very important.

Colleagues, we need to build modern services for business, but this is not all; the system for interaction between the state and society, between the state and the people should be clear and understandable, convenient and comfortable.

We have already set up a network of multifunctional centres. A person anywhere in the country can now use public services as a one-stop-shop. Allow me to remind you that it was a special ***programme*** which we have developed and implemented.

We need to move forward, to ensure the provision of virtually all public services in real time via remote services within six years. All document circulation between state agencies should be digitised, which is important both for the state agencies and for citizens, so as not to browse the Internet for hours looking for information. It will be possible to get everything in one place. I will add that digitalisation of the entire public administration system and its greater transparency is also a powerful factor in fighting corruption.

Government officials of all levels should be interested in improving their efficiency and be strictly focused on obtaining concrete results. By the way, we are always talking about corruption and officials. I have to say, and I do not have the right to not say this: the vast majority of our public servants are honest, decent and goal-oriented people. However, what I said will help everyone, including government officials and users of government services. This line of thinking should be used to rebuild the public service system, where appropriate, and to introduce project work methods.

Of course, it is necessary to ensure the advancement of modern professional personnel in the government and municipal service, business, the economy, science and industry, in all spheres.

As you may be aware, the first Leaders of Russia competition took place, and a number of other projects are being implemented to support young workers, entrepreneurs, innovators, volunteers, schoolchildren and students. They brought together hundreds of thousands of young people from all regions, and became an important step in their lives and professional careers.

I want to emphasise: for all those who want to work, show themselves, and are ready to honestly serve the Fatherland and the people, and to succeed, Russia will always be a country of opportunity. This is the guarantee of our successful development and confident movement forward.

All the projects and the priorities that I mentioned today, such as spatial development, investment in infrastructure, education, healthcare, the environment, innovative technologies and research, measures to support the economy, to promote talent, the youth, all of this is designed to work for one ***strategic*** task - Russia's breakthrough development.

New ***strategic*** weapons

At the same time, we cannot forget about reliably ensuring its security.

Colleagues,

The operation in Syria has proved the increased capabilities of the Russian Armed Forces. In recent years, a great deal has been done to improve the Army and the Navy. The Armed Forces now have 3.7 times more modern weapons. Over 300 new units of equipment were put into service. The ***strategic*** missile troops received 80 new intercontinental ballistic missiles, 102 submarine-launched ballistic missiles and three Borei nuclear-powered ballistic missile submarines. Twelve missile regiments have received the new Yars intercontinental ballistic missile. The number of long-range high-precision weapons carriers has increased by 12 times, while the number of guided cruise missiles increased by over 30 times. The Army, the Aerospace Forces and the Navy have grown significant stronger as well.

Both Russia and the entire world know the names of our newest planes, submarines, anti-aircraft weapons, as well as land-based, airborne and sea-based guided missile systems. All of them are cutting-edge, high-tech weapons. A solid radar field to warn of a missile attack was created along Russia's perimeter (it is very important). Huge holes appeared after the USSR disintegrated. All of them were repaired.

A leap forward was made in the development of unmanned aircraft; the National Defence Control Centre was established; and the operational command of the far maritime zone was formed. The number of professional service members has increased by 2.4 times, and the availability of equipment in the Armed Forces grew from 70 percent to 95-100 percent. The years-long queue for permanent housing was eliminated, and the waiting period was cut by 83 percent.

Now, on to the most important defence issue.

I will speak about the newest systems of Russian ***strategic*** weapons that we are creating in response to the unilateral withdrawal of the United States of America from the Anti-Ballistic Missile Treaty and the practical deployment of their missile defence systems both in the US and beyond their national borders.

I would like to make a short journey into the recent past.

Back in 2000, the US announced its withdrawal from the Anti-Ballistic Missile Treaty. Russia was categorically against this. We saw the Soviet-US ABM Treaty signed in 1972 as the cornerstone of the international security system. Under this treaty, the parties had the right to deploy ballistic missile defence systems only in one of its regions. Russia deployed these systems around Moscow, and the US around its Grand Forks land-based ICBM base.

Together with the ***Strategic*** Arms Reduction Treaty, the ABM Treaty not only created an atmosphere of trust but also prevented either party from recklessly using nuclear weapons, which would have endangered humankind, because the limited number of ballistic missile defence systems made the potential aggressor vulnerable to a response strike.

We did our best to dissuade the Americans from withdrawing from the treaty. All in vain. The US pulled out of the treaty in 2002. Even after that we tried to develop constructive dialogue with the Americans. We proposed working together in this area to ease concerns and maintain the atmosphere of trust. At one point, I thought that a compromise was possible, but this was not to be. All our proposals, absolutely all of them, were rejected. And then we said that we would have to improve our modern strike systems to protect our security. In reply, the US said that it is not creating a global BMD system against Russia, which is free to do as it pleases, and that the US will presume that our actions are not spearheaded against the US.

The reasons behind this position are obvious. After the collapse of the USSR, Russia, which was known as the Soviet Union or Soviet Russia abroad, lost 23.8 percent of its national territory, 48.5 percent of its population, 41 of the GDP, 39.4 percent of its industrial potential (nearly half of our potential, I would underscore), as well as 44.6 percent of its military capability due to the division of the Soviet Armed Forces among the former Soviet republics. The military equipment of the Russian army was becoming obsolete, and the Armed Forces were in a sorry state. A civil war was raging in the Caucasus, and US inspectors oversaw the operation of our leading uranium enrichment plants.

For a certain time, the question was not whether we would be able to develop a ***strategic*** weapon system - some wondered if our country would even be able to safely store and maintain the nuclear weapons that we inherited after the collapse of the USSR. Russia had outstanding debts, its economy could not function without loans from the IMF and the World Bank; the social sphere was impossible to sustain.

Apparently, our partners got the impression that it was impossible in the foreseeable historical perspective for our country to revive its economy, industry, defence industry and Armed Forces to levels supporting the necessary ***strategic*** potential. And if that is the case, there is no point in reckoning with Russia's opinion, it is necessary to further pursue ultimate unilateral military advantage in order to dictate the terms in every sphere in the future.

Basically, this position, this logic, judging from the realities of that period, is understandable, and we ourselves are to blame. All these years, the entire 15 years since the withdrawal of the United States from the Anti-Ballistic Missile Treaty, we have consistently tried to reengage the American side in serious discussions, in reaching agreements in the sphere of ***strategic*** stability.

We managed to accomplish some of these goals. In 2010, Russia and the US signed the New START treaty, containing measures for the further reduction and limitation of ***strategic*** offensive arms. However, in light of the ***plans*** to build a global anti-ballistic missile system, which are still being carried out today, all agreements signed within the framework of New START are now gradually being devaluated, because while the number of carriers and weapons is being reduced, one of the parties, namely, the US, is permitting constant, uncontrolled growth of the number of anti-ballistic missiles, improving their quality, and creating new missile launching areas. If we do not do something, eventually this will result in the complete devaluation of Russia's nuclear potential. Meaning that all of our missiles could simply be intercepted.

Despite our numerous protests and pleas, the American machine has been set into motion, the conveyer belt is moving forward. There are new missile defence systems installed in Alaska and California; as a result of NATO's expansion to the east, two new missile defence areas were created in Western Europe: one has already been created in Romania, while the deployment of the system in Poland is now almost complete. Their range will keep increasing; new launching areas are to be created in Japan and South Korea. The US global missile defence system also includes five cruisers and 30 destroyers, which, as far as we know, have been deployed to regions in close proximity to Russia's borders. I am not exaggerating in the least; and this work proceeds apace.

So, what have we done, apart from protesting and warning? How will Russia respond to this challenge? This is how.

During all these years since the unilateral US withdrawal from the ABM Treaty, we have been working intensively on advanced equipment and arms, which allowed us to make a breakthrough in developing new models of ***strategic*** weapons.

Let me recall that the United States is creating a global missile defence system primarily for countering ***strategic*** arms that follow ballistic trajectories. These weapons form the backbone of our nuclear deterrence forces, just as of other members of the nuclear club.

As such, Russia has developed, and works continuously to perfect, highly effective but modestly priced systems to overcome missile defence. They are installed on all of our intercontinental ballistic missile complexes.

In addition, we have embarked on the development of the next generation of missiles. For example, the Defence Ministry and enterprises of the missile and aerospace industry are in the active phase of testing a new missile system with a heavy intercontinental missile. We called it Sarmat.

Sarmat will replace the Voevoda system made in the USSR. Its immense power was universally recognized. Our foreign colleagues even gave it a fairly threatening name.

That said, the capabilities of the Sarmat missile are much higher. Weighing over 200 tonnes, it has a short boost phase, which makes it more difficult to intercept for missile defence systems. The range of the new heavy missile, the number and power of its combat blocs is bigger than Voevoda's. Sarmat will be equipped with a broad range of powerful nuclear warheads, including hypersonic, and the most modern means of evading missile defence. The high degree of protection of missile launchers and significant energy capabilities the system offers will make it possible to use it in any conditions.

Could you please show the video.

(Video plays.)

Voevoda's range is 11,000 km while Sarmat has practically no range restrictions.

As the video clips show, it can attack targets both via the North and South poles.

Sarmat is a formidable missile and, owing to its characteristics, is untroubled by even the most advanced missile defence systems.

But we did not stop at that. We started to develop new types of ***strategic*** arms that do not use ballistic trajectories at all when moving toward a target and, therefore, missile defence systems are useless against them, absolutely pointless.

Allow me to elaborate on these weapons.

Russia's advanced arms are based on the cutting-edge, unique achievements of our scientists, designers and engineers. One of them is a small-scale heavy-duty nuclear energy unit that can be installed in a missile like our latest X-101 air-launched missile or the American Tomahawk missile - a similar type but with a range dozens of times longer, dozens, basically an unlimited range. It is a low-flying stealth missile carrying a nuclear warhead, with almost an unlimited range, unpredictable trajectory and ability to bypass interception boundaries. It is invincible against all existing and prospective missile defence and counter-air defence systems. I will repeat this several times today.

In late 2017, Russia successfully launched its latest nuclear-powered missile at the Central training ground. During its flight, the nuclear-powered engine reached its design capacity and provided the necessary propulsion.

Now that the missile launch and ground tests were successful, we can begin developing a completely new type of weapon, a ***strategic*** nuclear weapons system with a nuclear-powered missile.

Roll the video, please.

(Video plays.)

You can see how the missile bypasses interceptors. As the range is unlimited, the missile can manoeuvre for as long as necessary.

As you no doubt understand, no other country has developed anything like this. There will be something similar one day but by that time our guys will have come up with something even better.

Now, we all know that the design and development of unmanned weapon systems is another common trend in the world. As concerns Russia, we have developed unmanned submersible vehicles that can move at great depths (I would say extreme depths) intercontinentally, at a speed multiple times higher than the speed of submarines, cutting-edge torpedoes and all kinds of surface vessels, including some of the fastest. It is really fantastic. They are quiet, highly manoeuvrable and have hardly any vulnerabilities for the enemy to exploit. There is simply nothing in the world capable of withstanding them.

Unmanned underwater vehicles can carry either conventional or nuclear warheads, which enables them to engage various targets, including aircraft groups, coastal fortifications and infrastructure.

In December 2017, an innovative nuclear power unit for this unmanned underwater vehicle completed a test cycle that lasted many years. The nuclear power unit is unique for its small size while offering an amazing power-weight ratio. It is a hundred times smaller than the units that power modern submarines, but is still more powerful and can switch into combat mode, that is to say, reach maximum capacity, 200 times faster.

The tests that were conducted enabled us to begin developing a new type of ***strategic*** weapon that would carry massive nuclear ordnance.

Please play the video.

(Video plays.)

By the way, we have yet to choose names for these two new ***strategic*** weapons, the global-range cruise missile and the unmanned underwater vehicle. We are waiting for suggestions from the Defence Ministry.

Countries with high research potential and advanced technology are known to be actively developing so-called hypersonic weapons. The speed of sound is usually measured in Mach numbers in honour of Austrian scientist Ernst Mach who is known for his research in this field. One Mach is equal to 1,062 kilometres per hour at an altitude of 11 kilometres. The speed of sound is Mach 1, speeds between Mach 1 and Mach 5 is called supersonic, and hypersonic is above Mach 5. Of course, this kind of weapon provides substantial advantages in an armed conflict. Military experts believe that it would be extremely powerful, and that its speed makes it invulnerable to current missile and air defence systems, since interceptor missiles are, simply put, not fast enough. In this regard, it is quite understandable why the leading armies of the world seek to possess such an ideal weapon.

Friends, Russia already has such a weapon.

The most important stage in the development of modern weapons systems was the creation of a high-precision hypersonic aircraft missile system; as you already know for sure, it is the only one of its kind in the world. Its tests have been successfully completed, and, moreover, on December 1 of last year, these systems began their trial service at the airfields of the Southern Military District.

The unique flight characteristics of the high-speed carrier aircraft allow the missile to be delivered to the point of discharge within minutes. The missile flying at a hypersonic speed, 10 times faster than the speed of sound, can also manoeuvre at all phases of its flight trajectory, which also allows it to overcome all existing and, I think, prospective anti-aircraft and anti-missile defence systems, delivering nuclear and conventional warheads in a range of over 2,000 kilometres. We called this system Kinzhal (Dagger).

Video, please.

(Video plays.)

But this is not all I have to say.

A real technological breakthrough is the development of a ***strategic*** missile system with fundamentally new combat equipment - a gliding wing unit, which has also been successfully tested.

I will say once again what we have repeatedly told our American and European partners who are NATO members: we will make the necessary efforts to neutralise the threats posed by the deployment of the US global missile defence system. We mentioned this during talks, and even said it publicly. Back in 2004, after the exercises of the ***strategic*** nuclear forces when the system was tested for the first time, I said the following at a meeting with the press (It is embarrassing to quote myself, but it is the right thing to say here):

So, I said: "As other countries increase the number and quality of their arms and military potential, Russia will also need to ensure it has new generation weapons and technology.

In this respect, I am pleased to inform you that successfully completed experiments during these exercises enable us to confirm that in the near future, the Russian Armed Forces, the ***Strategic*** Missile Forces, will receive new hypersonic-speed, high-precision new weapons systems that can hit targets at inter-continental distance and can adjust their altitude and course as they travel. This is a very significant statement because no country in the world as of now has such arms in their military arsenal." End of quote.

Of course, every word has a meaning because we are talking about the possibility of bypassing interception boundaries. Why did we do all this? Why did we talk about it? As you can see, we made no secret of our ***plans*** and spoke openly about them, primarily to encourage our partners to hold talks. Let me repeat, this was in 2004. It is actually surprising that despite all the problems with the economy, finances and the defence industry, Russia has remained a major nuclear power. No, nobody really wanted to talk to us about the core of the problem, and nobody wanted to listen to us. So listen now.

Unlike existing types of combat equipment, this system is capable of intercontinental flight at supersonic speeds in excess of Mach 20.

As I said in 2004, in moving to its target, the missile's gliding cruise bloc engages in intensive manoeuvring - both lateral (by several thousand km) and vertical. This is what makes it absolutely invulnerable to any air or missile defence system. The use of new composite materials has made it possible to enable the gliding cruise bloc to make a long-distance guided flight practically in conditions of plasma formation. It flies to its target like a meteorite, like a ball of fire. The temperature on its surface reaches 1,600-2,000 degrees Celsius but the cruise bloc is reliably guided.

Play the video, please.

(Video plays).

For obvious reasons we cannot show the outer appearance of this system here. This is still very important. I hope everyone understands this. But let me assure you that we have all this and it is working well. Moreover, Russian industrial enterprises have embarked on the development of another new type of ***strategic*** weapon. We called it the Avangard.

We are well aware that a number of other countries are developing advanced weapons with new physical properties. We have every reason to believe that we are one step ahead there as well - at any rate, in the most essential areas.

We have achieved significant progress in laser weapons. It is not just a concept or a ***plan*** any more. It is not even in the early production stages. Since last year, our troops have been armed with laser weapons.

I do not want to reveal more details. It is not the time yet. But experts will understand that with such weaponry, Russia's defence capacity has multiplied.

Here is another short video.

(Video plays.)

Those interested in military equipment are welcome to suggest a name for this new weaponry, this cutting-edge system.

Of course, we will be refining this state-of-the-art technology. Obviously, there is far more in development than I have mentioned today. But this is enough for now.

I want to specifically emphasise that the newly developed ***strategic*** arms - in fact, new types of ***strategic*** weapons - are not the result of something left over from the Soviet Union. Of course, we relied on some ideas from our ingenious predecessors. But everything I have described today is the result of the last several years, the product of dozens of research organisations, design bureaus and institutes.

Thousands, literally thousands of our experts, outstanding scientists, designers, engineers, passionate and talented workers have been working for years, quietly, humbly, selflessly, with total dedication. There are many young professionals among them. They are our true heroes, along with our military personnel who demonstrated the best qualities of the Russian army in combat. I want to address each of them right now and say that there will absolutely be awards, prizes and honorary titles but, because I have met many of you in person many times, I know you are not after awards. The most important thing is to reliably ensure the security of our country and our people. As President and on behalf of the Russian people, I want to say thank you very much for your hard work and its results. Our country needs them so much.

As I have already said, all future military products are based on remarkable advances that can, should and will be used in high-technology civilian sectors. I would like to stress that only a country with the highest level of fundamental research and education, developed research, technology, industrial infrastructure and human resources can successfully develop unique and complex weapons of this kind. You can see that Russia has all these resources.

We will expand this potential and focus on delivering on the ambitious goals our country has set itself in terms of economic, social and infrastructure development. Effective defence will serve as a guarantee of Russia's long-term development.

Let me reiterate that each of the armament systems I referred to is uniquely important. Even more importantly, taken together all these advances enable the Defence Ministry and General Staff to develop a comprehensive defence system, in which every piece of new military equipment will be assigned a proper role. On top of ***strategic*** weapons that are currently on combat alert and benefit from regular updates, Russia will have a defence capability that would guarantee its security in the long term.

Of course, there are many things that we have to do in terms of military construction, but one thing is already clear: Russia possesses a modern, high-technology army that is quite compact given the size of the territory, centred on the officer corps, who are dedicated to their country and are ready to sacrifice anything for its people. Sooner or later, other armies will also have the technology, the weapons, even the most advanced ones. But this does not worry us, since we already have it and will have even better armaments in the future. What matters is that they will never have people or officers like the Russian pilot Major Roman Filipov.

I hope that everything that was said today would make any potential aggressor think twice, since unfriendly steps against Russia such as deploying missile defences and bringing NATO infrastructure closer to the Russian border become ineffective in military terms and entail unjustified costs, making them useless for those promoting these initiatives.

It was our duty to inform our partners of what I said here today under the international commitments Russia had subscribed to. When the time comes, foreign and defence ministry experts will have many opportunities to discuss all these matters with them, if of course our partners so desire.

For my part, I should note that we have conducted the work to reinforce Russia's defence capability within the current arms control agreements; we are not violating anything. I should specifically say that Russia's growing military strength is not a threat to anyone; we have never had any ***plans*** to use this potential for offensive, let alone aggressive goals.

We are not threatening anyone, not going to attack anyone or take away anything from anyone with the threat of weapons. We do not need anything. Just the opposite. I deem it necessary to emphasise (and it is very important) that Russia's growing military power is a solid guarantee of global peace as this power preserves and will preserve ***strategic*** parity and the balance of forces in the world, which, as is known, have been and remain a key factor of international security after WWII and up to the present day.

And to those who in the past 15 years have tried to accelerate an arms race and seek unilateral advantage against Russia, have introduced restrictions and sanctions that are illegal from the standpoint of international law aiming to restrain our nation's development, including in the military area, I will say this: everything you have tried to prevent through such a policy has already happened. No one has managed to restrain Russia.

Now we have to be aware of this reality and be sure that everything I have said today is not a bluff - and it is not a bluff, believe me - and to give it a thought and dismiss those who live in the past and are unable to look into the future, to stop rocking the boat we are all in and which is called the Earth.

In this connection, I would like to note the following. We are greatly concerned by certain provisions of the revised nuclear posture review, which expand the opportunities for reducing and reduce the threshold for the use of nuclear arms. Behind closed doors, one may say anything to calm down anyone, but we read what is written. And what is written is that this strategy can be put into action in response to conventional arms attacks and even to a cyber-threat.

I should note that our military doctrine says Russia reserves the right to use nuclear weapons solely in response to a nuclear attack, or an attack with other weapons of mass destruction against the country or its allies, or an act of aggression against us with the use of conventional weapons that threaten the very existence of the state. This all is very clear and specific.

As such, I see it is my duty to announce the following. Any use of nuclear weapons against Russia or its allies, weapons of short, medium or any range at all, will be considered as a nuclear attack on this country. Retaliation will be immediate, with all the attendant consequences.

There should be no doubt about this whatsoever. There is no need to create more threats to the world. Instead, let us sit down at the negotiating table and devise together a new and relevant system of international security and sustainable development for human civilisation. We have been saying this all along. All these proposals are still valid. Russia is ready for this.

International cooperation

Our policies will never be based on claims to exceptionalism. We protect our interests and respect the interests of other countries. We observe international law and believe in the inviolable central role of the UN. These are the principles and approaches that allow us to build strong, friendly and equal relations with the absolute majority of countries.

Our comprehensive ***strategic*** partnership with the People's Republic of China is one example. Russia and India also enjoy a special privileged ***strategic*** relationship. Our relations with many other countries in the world are entering a new dynamic stage.

Russia is widely involved in international organisations. With our partners, we are advancing such associations and groups as the CSTO, the Shanghai Cooperation Organisation and BRICS. We are promoting a positive agenda at the UN, G20 and APEC. We are interested in normal and constructive cooperation with the United States and the European Union. We hope that common sense will prevail and our partners will opt for honest and equal work together.

Even if our views clash on some issues, we still remain partners because we must work together to respond to the most complex challenges, ensure global security, and build the future world, which is becoming increasingly interconnected, with more and more dynamic integration processes.

Russia and its partners in the Eurasian Economic Union seek to make it a globally competitive integration group. The EAEU's agenda includes building a common market for electricity, oil, petroleum products and gas, harmonising financial markets, and linking our customs authorities. We will also continue to work on a greater Eurasian partnership.

Colleagues, this is a turning period for the entire world and those who are willing and able to change, those who are taking action and moving forward will take the lead. Russia and its people have expressed this will at every defining moment in our history. In just 30 years, we have undergone changes that took centuries in other countries.

We will continue to confidently chart our own course, just as we always have. We will stick together, as we always have. Our unity is the most durable foundation for future progress. In the coming years, it is our goal to further strengthen this unity so that we are one team that understands that change is necessary and is ready to devote its energy, knowledge, experience and talent to achieving common goals.

Challenges and big goals give special meaning to our lives. We must be bold in our ***plans*** and actions, take responsibility and initiative, and grow stronger, which means being of use to our families, children, the whole country; changing the world and our country for the better; and creating the Russia that we all dream about. Only then will the next decade and the entire 21st century undoubtedly be an age of outstanding triumphs for Russia and our shared success. I believe it will be so.

Thank you.

Source: President of the Russian Federation website in English 1 Mar 18

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**End of Document**



[***Velocys PLC Final results for the year ended 31 December 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SD2-5J61-F0CC-S2WG-00000-00&context=1516831)

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Velocys PLC

23 May 2018

News release

Velocys plc

("Velocys" or "the Company")

23 May 2018

Final results for the year ended 31 December 2017

Velocys plc (VLS.L), the renewable fuels company, is pleased to announce its final audited results for the year ended 31 December 2017.

Highlights

ENVIA

-- First Fischer-Tropsch product ***produced*** in February 2017.

-- Velocys' reactors and catalyst perform in line with requirements at a commercial scale.

-- First finished, saleable products ***produced*** in June.

-- Velocys increased its equity share and voting rights in September.

-- Key capacity milestone of 200 barrels per day reached in October. Finished products meet customer specifications and sales started to be made to offtakers.

-- Generation of RINs announced in January 2018, with RINs verified in March 2018 (both events post-period end).

-- Leak detected in May 2018 (post-period end). Root cause being investigated.

Mississippi biorefinery

-- Partnership announced with TRI in January 2017.

-- Invitation by US Department of ***Agriculture*** in June to advance to Phase II application for a loan guarantee. Appointment of SMBC as the lender of record.

-- Milestones reached in October 2017:

- FEL-2 engineering study completed.

- Term sheets agreed with a number of potential offtakers.

- Site option agreement signed with Adams County. Biorefinery to be located in Natchez, Mississippi.

Other highlights

-- Industry partnership formed, including British Airways, aimed at developing waste-to-renewable jet fuel plants in the UK.

-- Reshaping of the Company to deliver the demands of the strategy focused on renewable fuels.

-- John Tunison appointed as Interim CFO in July 2017.

-- Biorefinery being developed by third party project developer commences construction. Notice to proceed issued to Velocys (post-period end).

Financials

-- Fundraise of over GBP10m (before expenses) in May 2017.

-- Fundraise of GBP18.4m (before expenses) in January 2018 (post-period end) to be used principally to help fund the development of the Mississippi biorefinery, and to secure ***strategic*** investment into it.

-- 2017 financial results:

- Revenue of GBP0.8m (FY 2016: GBP1.4m).

- Cash\* at year end of GBP2.1m (FY 2016: GBP18.7m).

- Total impairments, primarily against intangible assets, of GBP34.6m.

\* Defined as cash, cash equivalents and short-term investments (see note 11).

David Pummell, CEO of Velocys, said:

"I believe we will look back at 2017 as the year Velocys transformed into a renewable fuels company. Although some of these changes were difficult they have set up the Company for the future delivery of multiple biorefineries and long-term sustainable growth. The ENVIA plant has validated our FT technology at commercial scale and from this platform we ***plan*** to grow and be at the forefront of supplying significant quantities of cellulosic renewable fuels. We have a demanding ***plan*** to deliver in 2018, but we are well placed to meet these challenges."

- Ends -

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Web | Twitter

Chairman's statement

Dr. Pierre Jungels, CBE

Introduction

2017 has been a year of considerable change for Velocys as it has pivoted from being purely a technology licensor to setting the foundations for future profit delivery as a renewable fuels company. After many years of concerted effort, encompassing R&D, engineering, project management and relationship building, the first commercial scale plant using Velocys' technology is in operation in Oklahoma City. Velocys has also advanced its new strategy for commercialising its technology; in 2017 the Company made considerable progress driving forward the development of its first biorefinery using woody biomass as feedstock. Notwithstanding the progress made throughout 2017, given the particular circumstances of the business' financial position at year end the Company decided to make a significant impairment against a range of, primarily, intangible assets.

Strategy and market

The creation of a world-leading technology that is operating at commercial scale has been a significant achievement. But now, as well as seeking opportunities to licence its technology, Velocys is focused on its commercialisation through the delivery, with its partners, of repeatable biorefineries to become a ***producer*** of significant volumes of cellulosic renewable fuels. We will remember 2017 as the year Velocys transitioned from technology development to its commercial roll-out, which has meant the winding down of R&D ***programmes*** both in the UK and the US. The Company has maintained its corporate and commercial office in the UK.

After conducting its detailed ***strategic*** review, Velocys has taken the decision to focus its resources on the renewable fuels market. Our analysis shows that the Velocys route to the production of renewable fuels can be cost-effective using the reserves of sustainable biomass feedstock that are abundant in the US. Unlike other routes to renewable fuel production these biorefineries will not be constrained by the amount of feedstock available, and will therefore be well positioned to deliver significant quantities of renewable fuel to a large and growing market at a competitive price.

In a move that is consistent with our renewable fuels strategy of delivering integrated plants in collaboration with partners, we are also in the early stages of developing a UK waste-to-jet fuel project with world-class partners, which include British Airways.

Other market opportunities, such as stranded gas conversion to liquids or waxes, are still available and their attractiveness to Velocys will continue to be reviewed if market conditions change in the future. These opportunities give the Company future optionality.

Management and Board

In 2017 and early 2018 there were a number of changes to the Board. Andrew Morris was nominated as a Non-Executive Director and Chair of the Audit and Risk Committee at the start of June 2017, in place of Non-Executive Director Mark Chatterji who left the Board in April 2017. Ross Allonby and Julian West left the Board in June 2017 and February 2018 (post-period end) respectively. On behalf of the Board I thank Mark, Ross, and Julian for their contributions to the Company. I would like to welcome Andrew, who brings a wealth of financial and business experience from companies similar to Velocys in terms of size, sector and complexity.

The appointment of Andrew Morris has helped to align Board competencies to those needed to guide the delivery of the Company's strategy. Board costs have been reduced through the reduction in the number of Non-Executive Directors, and by reducing the fees paid to existing Non-Executive Directors by 10%.

Susan Robertson stepped down as Chief Financial Officer in August 2017, a role she held for nine years. I would like to thank Susan for her contribution to Velocys during that time. In the summer we welcomed John Tunison as Interim CFO.

Fundraising

Velocys completed a fundraise of over GBP10m (before expenses) in May 2017 primarily through the support of existing shareholders, who we thank for their continued support. The proceeds raised were used primarily to fund the pre-FEED (FEL-2) engineering study for the Mississippi biorefinery project, to undertake a joint technology demonstration with our partner TRI, and to extend Velocys' loan arrangement with ENVIA to support the plant in achieving steady state operations.

In January 2018 (post-period end) GBP18.4m (before expenses) was raised through a further fundraise, principally to help fund the development of our Mississippi biorefinery project, and to secure ***strategic*** investment into it. We included an open offer element in this fundraising round to enable all eligible shareholders an opportunity to participate. Our existing major shareholders again demonstrated their considerable support, but at the same time we were pleased by our ability to extend our shareholder base. The Board recognises that additional funding is still required to reach final investment decision (FID) on the Mississippi biorefinery project; further details are given in the Financial review and note 1.

Outlook

Velocys is pursuing its new strategy and has completed its shift to becoming a renewable fuels business. It did so mid-2017 after taking decisive action to capitalise on its achievements at ENVIA. The Company has strengthened its Executive Committee and adapted its organisational structure as it continues to build a strong team that has the long term aim of delivering repeatable biorefineries. Velocys has transformed in a short time and its primary focus is to drive the delivery of the FID for the Mississippi biorefinery project, which the Company is targeting in the second half of 2019. A key step in this process will be to bring on board one or more ***strategic*** investors into the Mississippi project consortium to meet the remaining development capital requirement.

Chief Executive's report

David Pummell

Introduction

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[***Council of the European Union: 3556 Agriculture and Fisheries ST 11324 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PJP-M1Y1-JDG9-Y3T8-00000-00&context=1516831)

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In the field of ***agriculture***, the central topic of the presidency will be the future of the Common ***Agricultural*** Policy. This will also be the main theme of the informal meeting of the AgriFish ministers in Tallinn in September 2017. The Presidency will emphasise the simplification of the CAP, largely in the context of the Omnibus regulation. Jointly with the Commission, the presidency will monitor the market situation in the main ***agricultural*** sectors with a view to finding feasible solutions in the case of difficulties. Moreover, the presidency will be devoted to strengthening the ***producers***’ position in the food supply chain. Concerning legislative files, the presidency will continue examining the Commission proposal for the spirit drinks regulation with the aim of agreeing on the Council's general approach, and will continue work on the veterinary medicine and medicated feed regulations. The sustainable use of ***agricultural*** soils, antimicrobial resistance, the implementation of digital solutions for effective control measures, and emergency preparedness will also be key topics in the work ***programme*** of the presidency. In the field of fisheries, the presidency aims to adopt the Baltic Sea fishing opportunities and at the December meeting the Black Sea fishing opportunities and fishing opportunities in EU waters and beyond. The presidency will also continue working on co-decision files, such as the management ***plans*** (Baltic Sea salmon MAP included), trying to achieve the general approach where possible. The North Sea management ***plan*** and the technical measures framework regulation could reach the trilogue stage. The Presidency also ***plans*** to start discussions on the future of the European Maritime and Fisheries Fund (EMFF) by organising, in cooperation with European Commission, the conference on the future of EMFF. 17 and 18 July 2017 11324/17 6 EN ***AGRICULTURE*** Trade-related ***agricultural*** issues On the basis of a Commission update, the Council discussed the latest developments in trade and the EU efforts to open up new world markets and promote EU ***agricultural*** products. In its presentation the Commission emphasised the good state of EU agri-food exports and reported on the progress made on a number of free trade agreements. Particular attention was given to the recent agreement in principle on a EU-Japan free trade deal, thanks to which the vast majority of EU agri-food products exported to Japan would become duty- free over time. The Commission also elaborated on the ongoing negotiations with Mexico and Mercosur, the opening of negotiations with Norway, Morocco, ASEAN (Association of Southeast Asian Nations), Australia and New Zealand, as well as on the implementation of EU-Canada Comprehensive Economic and Trade Agreement (CETA). Finally, the Commission also reminded delegations of the joint proposal drafted with Brazil on domestic support and public stockholding that will be the basis for negotiations at the 11th WTO ministerial conference in Buenos Aires in December 2017. Ministers had the opportunity to share their views on the EU's ongoing and upcoming free trade negotiations and their potential impact on European ***agriculture***. They generally welcomed the agreement in principle with Japan, although some of them were still assessing the impact on ***agricultural*** products. Others, conversely, expressed misgivings about the Mercosur agreement, highlighting the importance of defending sensitive sectors like beef meat, ethanol and sugar. Reciprocity was also mentioned as one of the principles that should guide negotiations. Various ministers were also concerned that negotiations within the WTO could touch on the blue box, i.e subsidies that are tied to ***programmes*** that limit production, thereby prejudging negotiations on the future CAP post -2020. Member states advocated even more transparency from the Commission during negotiations, and asked to be closely associated with negotiations before they reach a final stage. This point was discussed jointly with an AoB item on trade practices applied by third countries vis-à-vis the EU and its member states 17 and 18 July 2017 11324/17 7 EN Wine grape varieties and their synonyms that may appear on wine labels The Slovenian delegation presented its substantive and legal concerns about a Commission delegated act granting wine ***producers*** from another member state an exception allowing them to use, in the labelling of their wine, the name of a grape variety, which is also a wine benefiting from a protected designation of origin in Slovenia. The delegated act relates in particular to the dispute between the Croatian 'Hrvatska Istra' and the Slovenian 'Teran' PDO wine. Some member states expressed misgivings about the delegated act, set to enter into force on 19 June 2017, and spoke against introducing a precedent that could jeopardise the system of geographical indications in the future. Ministers had already discussed the issue in January 2017. Conference on public consultation on modernising and simplifying the CAP Simplification: implementation of the May 2015 Council conclusions The Commission presented the results of the conference 'The CAP, have your say', which took place in Brussels on 7 July 2017. The conference was a chance to take stock of the outcome of the recent consultation on the future of the Common ***Agricultural*** Policy (results here) and to see how the outcome matched the scientific evidence gained on the ground. The Commission considered the results of the consultation encouraging. They highlighted wide support for a strong and modern EU-wide CAP, for a fair standard of living for farmers and for ***agriculture*** to deliver public goods linked to the environment, climate change, and new societal demands (e.g animal welfare, organic ***produces***, etc.). The Commission also reported to the Council on the progress made on the simplification of the CAP since the adoption of Council conclusions in May 2015. In the ensuing debate, ministers welcomed the results of the consultation and underlined the fundamental role of ***agriculture*** in providing sustainable growth of food production, which is necessary to feed a growing world population. They agreed that the CAP should not be considered as an old policy, as it can actively contribute to the protection of the environment and the climate. However, ministers emphasised that to match these ambitions, the financing of the CAP should be stable and adequate, even in the context of a smaller EU post-Brexit budget. Some member states asked for a market -oriented policy and for a better position for farmers in the food supply chain. 17 and 18 July 2017 11324/17 8 EN Ministers also encouraged the Commission to make simplification and the reduction in the administrative burden a priority in the future overhaul of ***agricultural*** rules. These points were discussed jointly with two AoB items on the meeting of the ***agriculture*** ministers of the extended Visegrad group and on the future CAP finances. Background 1) On 2 February 2017, the Commission launched a major consultation on the future of the CAP. The three-month consultation allowed participants to share their views on the challenges faced by the EU ***agricultural*** sector, its rural areas and society as a whole, and on how a simpler, more modern CAP could potentially be used to meet them. The results of both the consultation and the on-the-ground analysis will feed into a Communication on modernising and simplifying the CAP to be published by the Commission later in 2017 which will assess the different options for possible policy developments. 2) CAP simplification is part of the EU's overall strategy to streamline and reduce EU legislation wherever possible. In this context, the EU institutions decided to look at what was agreed in the latest CAP reform and propose improvements achievable in the short and medium term. The Council adopted conclusions on the issue in May 2015 emphasising that, in implementing the CAP, greater account should be taken of the subsidiarity and proportionality principles. It also recalled the main principles to be respected in this process: – preserve the policy objectives and the main elements of the reformed CAP; – ensure the sound financial management of EU funds; – focus on areas where those implementing the CAP as well as its beneficiaries would benefit most; – improve the clarity and consistency of legislation. Conclusions pointed to a short-term focus on the review of delegated and implementing acts of the reformed CAP. In the longer term, efforts should also be made to simplify the basic acts. 17 and 18 July 2017 11324/17 9 EN FISHERIES Fishing opportunities for 2018 The Council was briefed on a Commission communication on the state of play of the Common Fisheries Policy (CFP) and consultation on the fishing opportunities for 2018. During the ministerial exchange of views member states generally welcomed the communication and the progress achieved on a number of stocks in various sea basins, renewing their commitment to the objectives of the CFP. Concerning the methodology put forward by the Commission to calculate TACs (total allowable catches) and quotas, they stressed the need to acknowledge the specificities of the different regions and fisheries. Several delegations also highlighted the problem of choke species in implementing the landing obligation. The Commission communication is a first assessment of the current state of implementation of the reformed CFP since its introduction. It focuses in particular on the progress made in: achieving the MSY objective (maximum sustainable yield), rebuilding stocks, improving the profitability of the EU fleet while balancing it with the fishing capacity, the implementation of regionalisation and of the landing obligation. Furthermore, the communication sets out the principles to be followed by the Commission in formulating its proposal for fishing opportunities for 2018, which is due for this autumn. As in the past, the Commission will follow the CFP objectives and be based on the best available scientific advice. In particular, the Commission will propose TACs in line with FMSY for stocks on which scientific advice or MSY proxies are available. For stocks that fall under the Baltic Multiannual ***Plan***, TACs will reflect the ranges included in the ***plan***. Finally, for other stocks not having analytical or biological advice, the Commission will follow the precautionary approach. The Commission is also considering TAC adjustments for stocks subject to the landing obligation as of 2018, as it did for 2017. The public consultation linked to the communication will run until mid September. Member states, stakeholders and the public are invited to offer suggestions on these policy orientations. 17 and 18 July 2017 11324/17 10 EN Any other business – Trade practices applied by third countries vis-à-vis the EU and its member states The Czech delegation raised the issue of unjustified non-tariff barriers used by third-country partners vis-à-vis the EU and its member states with a discriminatory purpose. It referred in particular to burdensome practices such as: complicated certification systems, long procedures or import bans imposed for various reasons. The Czech Republic, supported by several delegations, also encouraged the Commission to make every effort to prevent the application of discriminatory trade policy measures and unjustified trade barriers. This item was discussed jointly with the one on trade-related ***agricultural*** issues. – Drought in Portugal, Spain and Belgium The Spanish, Portuguese and Belgian delegations informed the Council about the drought situation in their countries and the impact this has had on ***agriculture***, and in particular on the cereal and livestock sectors. Spain and Portugal also asked for the authorisation to increase advanced direct payments at least up to 70%, and to enable famers to temporarily use land laying fallow for grazing in the period when this practice would be prohibited. Belgium also asked that advanced payments be increased to 70% for direct payments and to 85% for the IACS rural development payments. In the ensuing debate, several delegations expressed sympathy for the Belgian, Spanish and Portuguese requests. Some explained that they were also experiencing severe heat waves with consequent droughts affecting ***agriculture***, and asked to have access to the same tools, namely higher advanced payments and the temporary exemption from some greening rules. The Commission showed itself open to accommodating the requests of Portugal, Spain, Belgium and Luxembourg and to making the same instruments available to other member states on the basis of justified requests. 17 and 18 July 2017 11324/17 11 EN – Farmland trade in the EU On behalf of the Hungarian, Slovak, Lithuanian, Bulgarian and Romanian delegations, Poland drew the Council's attention to the issue of land availability for farmers in the European Union, arising from processes such as speculation and excessive concentration of farmland. Poland in particular emphasised the need to consider access to land as an overriding public interest and to defend national legislation aimed at improving the operation of national ***agriculture*** land trade markets. Some delegations shared the Polish concerns and requests, and the Commission was open to cooperating with member states to find solutions to the problem while fully observing internal market freedoms. – One Health action ***plan*** against antimicrobial resistance The Commission presented its communication 'One health action ***plan*** against antimicrobial resistance (AMR) '. The ***plan*** provides an updated framework for future EU actions against AMR and is aimed at reducing the emergence and spread of AMR and at increasing the availability of new effective antimicrobials for human and veterinary medicine. The key objectives are making the EU a best practice region, boosting research and intensifying EU efforts worldwide to shape the global agenda on AMR. The Commission invited the Council to endorse the new EU action ***plan***, which was called for in the Council conclusions of June 2016, and called on member states to ensure cooperation in its implementation. Ministers welcomed the ***plan*** and showed full support. They generally agreed that the EU should become a best practice region, and also encouraged the Commission to work at international level to promote good practices universally, thereby better addressing the global threat of AMR. – African swine fever The Commission informed ministers of the state of play in the fight against African swine fever. In particular, it reported on new cases detected in wild boars in the Czech Republic, in which context human activity is suspected of playing a role - given the long distance between the new cases and the previously infected area -, and the predicted epidemic seasonal summer peak. It confirmed the continued Commission efforts to tackle the disease and asked member states to enhance cooperation and increase their alert level and preparedness. 17 and 18 July 2017 11324/17 12 EN In the ensuing debate, member states highlighted the actions they had already undertaken to prevent the spread of ASF and stressed the importance of a good cooperation between all actors. Some of them explained that these activities were burdensome from the point of view of finances and human resources and asked for financial support. – Symposium on the future of food, Brussels 27 June 2017 The Council was briefed on the outcome of the symposium on 'The Future of Food in the EU', which was organised by the Joint Research Centre of the European Commission (JRC) and the trio-presidency of Malta, Slovakia and the Netherlands. The event was attended by 140 representatives of member states, the Commission, NGOs and the business community. Its main aim was to provide input to comprehensive and future-oriented policy development and implementation that reflects Europe's leading role in food safety and nutrition security. Central to the symposium's ***programme*** was the presentation of the report entitled “Delivering on Food Safety and Nutrition in 2050 - Future challenges and policy preparedness”, prepared by the JRC in collaboration with the Directorate -General for Health and Food Safety of the Commission. – Consequences of mandatory food origin labelling for the internal market At the request of the Belgian delegation ministers discussed the impact on the internal market of national rules introducing mandatory labelling of the country of origin of food, and in particular for milk and foodstuffs containing milk or meat as an ingredient. The Belgian delegation took the opportunity to invite the Commission to assess the impact of the different national rules on the internal market one year after the implementation of the first national decree. In the debate that followed some ministers warned against mandatory origin labelling which would, in their opinion, not only be costly and burdensome but also detrimental to the internal market and free movement of goods. Several supported the Belgian request to have an impact assessment on the national rules introducing mandatory labelling of the country of origin of food. Others laid emphasis on transparency, the right of the consumer to be correctly informed and the growing societal demand to know the origin of food, in order to support the idea of an EU-wide mandatory labelling of origin. 17 and 18 July 2017 11324/17 13 EN – Dual quality of foodstuffs: presentation of the latest study and meeting in Bratislava on 30 May 2017 The Czech delegation presented to ministers the results of the latest scientific study carried out by the University of Chemistry and Technology of Prague and comparing identical foodstuffs sold in the Czech Republic, Hungary, Germany, Austria and Slovakia. Furthermore, at the request of the Slovak delegation, the Council was briefed on the outcome of the Bratislava event, the objective of which was to support an effective exchange of information and to strengthen cooperation among the participating member states (Bulgaria, the Czech Republic, Hungary, Poland, Slovenia and Slovakia). The meeting also served as a platform for present results of recent comparative studies of quality of food products and to analyse the legal and ethical implications of the dual quality practice on the internal market and consumers. The Commission shared delegations' assessment of the seriousness of the issue and restated its commitment to fight against unfair commercial practices. It said it would engage the consumer protection network and enhance synergies with the High Level Forum for a Better Functioning Food Supply, with the objective of comparing practices in relation to a wider scope of products and for the whole internal market. However, it considered that for the time being there was no need for further legislation. The issue of dual quality of foodstuffs had already been discussed in Council in May 2016 and March 2017. – Meeting of the ***agriculture*** ministers of the extended Visegrad group, Poland 2 June 2017 The Polish delegation briefed the Council on the outcome of the above-mentioned meeting, which also included Bulgaria, Romania and Slovenia. The meeting was devoted to a discussion on the CAP after 2020 and ***produced*** a joint declaration on the same subject. The meeting was also an opportunity to discuss the issues of: trade in ***agricultural*** land, market mechanisms on the sugar and cereals markets, and unfair trading practices in the food supply chain. This item was discussed jointly with those on modernising and simplifying the CAP, simplification, and the future CAP finances. During that debate, the Commission and some delegations considered that the Visegrad paper was very useful for fuelling the debate on the future CAP. 17 and 18 July 2017 11324/17 14 EN – The CAP in the Commission's reflection paper on the future of EU finances On the initiative of the Spanish delegation ministers had the opportunity to discuss the issue of the future finances of the CAP. Spain noted that in the Commission's reflection paper on the future of EU finances, four of the five scenarios would involve a serious reduction in CAP financing. It therefore sought further clarification of the matter from the Commission. The Commission's reflection paper on the future of EU finances by 2025 sets out a series of options and scenarios regarding the future direction of the EU budget and how it could be used. It is intended as a further stimulus to a public debate about where the Union is going and what Europeans want to achieve together. This is the last of the 5 reflection papers following the White Paper on the Future of Europe. This item was discussed jointly with those on modernising and simplifying the CAP, simplification, and the meeting of the ***agriculture*** ministers of the extended Visegrad group. During that debate, several delegations appreciated the Spanish request for more information and agreed on the need for an adequately financed CAP in the future. – Ministerial conference on 'GMO free ***agriculture***: a chance for rural development in Central and South Eastern Europe', Vienna 9-10 May 2017 Ministers were informed about the outcome of the above-mentioned conference, which was a joint Hungarian-Austrian initiative and was attended by ministers and other high-ranking representatives from Central and South Eastern European countries. The event marked the 20th anniversary of the Austrian referendum on genetic engineering, which showed that Austrians firmly reject food ***produced*** using GMOs. The event was linked to the Danube Soya Initiative, which was launched by Austria and created a ***strategic*** partnership for the production of GMO-free and organic soya in the Danube region. Austria and Hungary underlined the fact that, despite all efforts, the demand for GMO-free soya is far from being met in the EU. Even though GMO-free soya production has increased in Europe over the past few years, large amounts of soya meal still need to be imported. The Commission welcomed the initiative but reminded the Council that the EU would continue to have a significant protein deficit, especially for proteins from soy beans and soy meals. It considered that full substitution of all imports by EU GMO-free production was not achievable in the short term, and that EU farmers would continue to largely rely on imports of GMO soya. 17 and 18 July 2017 11324/17 15 EN – Conference on 'Making sustainable ***agriculture*** a future for youth in Africa', Rome 2 July 2017 The Commission informed the Council about the outcome of the conference that brought together ***agriculture*** ministers from the EU and the African Union and which took place at the FAO headquarters in Rome on 2 July. The event was co-hosted by Commissioner Hogan, African Union Commissioner Sacko and the Estonian Minister for Rural Affairs Tarmo Tamm on behalf of the Estonian Presidency. It addressed important issues in relation to the sustainable development of the agri-food sector in Africa and the creation of sustainable employment opportunities for African youth, particularly in rural areas. The aim of the conference was to build up political engagement and start a policy dialogue which may contribute to the preparation of the 5th EU-Africa summit that will take place in Abidjan on 28-29 November 2017, in particular by providing a list of tangible deliverables focusing on the promotion of responsible public/private investment in Africa. The latter theme is also one that will be addressed by the Italian and German presidencies of the G7 and G20 respectively. 17 and 18 July 2017 11324/17 16 EN OTHER ITEMS APPROVED ***AGRICULTURE*** EU particular status in the International Organisation of Vine and Wines (OIV) The Council approved the letter requesting a particular status for the EU in the OIV, in accordance w

ith Article 4 of the OIV’s rules of procedure, subject to the Commission submitting to the Council, sufficiently in advance before the matter is included on the agenda of the OIV's General Assembly for decision, a proposal, based on Article 218(9) TFEU, for a Council Decision establishing the position to be adopted on the Union's behalf with regard to the decision of the General Assembly of the OIV to grant the European Union a particular status under the terms of a special arrangement between the OIV and the EU (11007/17). Since the creation of the International Vine and Wine Office, replaced in 2001 by the International Organisation of Vine and Wine (OIV), several EU member states have participated in the activities of the OIV, notably drawing up recommendations on oenological practices, definitions and descriptions of products and methods for analysing and assessing vine products. A more active participation of the EU in the work of the OIV will facilitate the establishment of EU positions with regard to the OIV’s draft recommendations and the future development of EU rules in line with OIV standards. FISHERIES Rules on the functioning of the Advisory Councils under the Common Fisheries Policy The Council did not oppose the adoption of a Commission regulation amending regulation no 2015/242 laying down detailed rules on the functioning of the Advisory Councils under the Common Fisheries Policy (10688/17). The Common Fisheries Policy (CFP) provides for the establishment of stakeholders' organisations, the Advisory Councils, the main role of which is to provide advice to the Commission and member states concerned on matters relating to the management of fisheries and the socio-economic and conservation aspects of fisheries and aquaculture in their respective area or field of competence. Commission delegated regulation 2015/242 of 9 October 2014 lays down detailed rules on the functioning of these bodies in general and on their structure and organisation in particular. The above-mentioned delegated act modifies the provision on the definitions of the two main categories of stakeholders represented in the Advisory Council. 17 and 18 July 2017 11324/17 17 EN ENVIRONMENT CO2 emissions: light commercial and duty vehicles The Council decided not to object to two Commission delegated regulations concerning light commercial (10022/17 + ADD 1) and light duty vehicles (10024/17 + ADD 1). These delegated regulations amend both annexes I and II to regulations 510/2011 and 443/2009 in order to adapt them to the change in the regulatory test procedure for the measurement of CO2 emissions from these types of vehicles. The new regulatory text procedure - World Harmonised Light Vehicles Test Procedure (WLTP) - will provide values of CO2 emissions and fuel consumption that resemble more accurately real driving conditions. It replaces the existing and outdated New European Test Cycle (the NEDC). The WLTP- based specific emission target will apply as of 2021.Until then, methodologies, set out in both regulations, will be used to take into consideration the difference between the level of CO2 emissions measured with the NEDC and the WLTP procedures. The Commission regulations are delegated acts pursuant to article 290 of the Treaty on the Functioning of the EU. They can now enter into force, unless the European Parliament objects. Kigali Amendment to the Montreal Protocol The Council adopted a decision to conclude on behalf of the European Union the Kigali Amendment to the Montreal Protocol, paving the way to its formal ratification. The amendment aims to reduce globally the consumption and production of hydrofluorocarbons, which are potent greenhouse gases contributing to global warming and climate change (7725/17 + ADD1 + ADD2). The EU is determined to lead global efforts to tackle climate change. It is a committed party to the Montreal Protocol, the four amendments to the Protocol and now, its fifth – the Kigali Amendment. The EU has now to formally deposit the declaration of competence together with the instrument of ratification of the Kigali Amendment with the United Nations. Read full press release 17 and 18 July 2017 11324/17 18 EN Amendment to the Gothenburg Protocol The Council adopted a decision1 accepting on behalf of the European Union an amendment to the 1999 Gothenburg Protocol to reduce emissions of air pollutants globally (7524/17 + ADD1). The amendment aims to enhance the protection of human health and the environment from transboundary air pollution and to that end, it strengthens the rules laid down in the original protocol. The EU, fully committed to improving air quality, has already aligned its legislation with the amended protocol in the revised National Emission Ceilings directive adopted in 2016. The EU now needs to officially deposit the instrument of acceptance of the amendment with the United Nations. Read full press release Aarhus Convention The Council adopted a decision on the position of the European Union at the 6th session of the Meeting of the Parties to the Aarhus Convention (MoP-6) regarding a case brought before the Convention's Compliance Committee against the EU (11150/17 & 11194/17 ADD1 REV1). In the Council decision, the EU - with all member states in unanimity - accepts the draft Aarhus decision, subject to some amendments in order to clarify inter alia that the Meeting of the Parties does not intend to require the EU to interfere with the independence of its judiciary. The Council will now communicate this decision to the Aarhus Convention Secretariat in the context of the ongoing MoP-6 preparations. The MoP-6 will be held in Budva (Montenegro) on 11-15 September 2017. Read full press release 1 Denmark voted against this Council decision. However, it will accept the protocol on behalf of the country to maintain the EU's overall air-quality objectives. See statement 17 and 18 July 2017 11324/17 19 EN INTERNAL MARKET Motor vehicles - Acoustic alerting system - Type-approval The Council decided not to object to the adoption by the Commission of a regulation laying down requirements for the installation of acoustic alerting systems in new cars, vans and lorries for the purpose of EU-type approval (10784/17 and 10784/17 ADD1). The new Commission regulation, which will amend regulation 540/2014 on the sound level of motor vehicles, also takes into account international standards for type-approval. Hybrid electric and pure electric vehicles emit sound of very low intensity as compared to vehicles with an internal combustion engine, thus resulting in environmental benefits. However, that reduction has removed an important source of audible signal that warns vulnerable road users, typically visually impaired persons or cyclists, of a vehicle's approach, presence or departure. The new rules are therefore aimed at alerting vulnerable road users, for their safety, to the presence of such vehicles. The Commission regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. It can now enter into force unless the European Parliament objects. HEALTH Good manufacturing practice for medicinal products The Council decided not to object to the two following Commission acts: – a Commission regulation specifying the principles and guidelines of good manufacturing practice to ensure that investigational medicinal products used for clinical trials are of required quality (10015/17) – a Commission directive supplementing directive 2001/83/EC as regards the principles and guidelines of good manufacturing practice for medicinal products for human use (9047/17) The two acts are delegated acts pursuant to article 290 of the Treaty on the Functioning of the EU. They now can enter into force, unless the European Parliament objects. 17 and 18 July 2017 11324/17 20 EN FOOD LAW Diet replacement for weight control The Council decided not to object to a Commission regulation laying down specific compositional and information requirements for total diet replacement for weight control (10021/17 + ADD1). The regulation updates the existing rules regarding total diet replacement for weight control with an energy content of between 3 360 kJ (800kcal) and 5 040kJ (1200kcal) and lays down specific rules on total diet replacement with an energy content fewer than 3 360kJ (800kcal). The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. It now can enter into force, unless the European Parliament objects. CULTURE European Capitals of Culture The Council adopted a decision amending Decision 445/2014/EU establishing a Union action for the European Capitals of Culture for the years 2020 to 2033 (PE-CONS 25/17). Decision 445/2014/EU sets out the framework for selection, designation and monitoring of the cities to be awarded the title of European Capitals of Culture from 2020. The aim of the current amendment is to allow access to the action to EFTA/EEA countries (Norway, Iceland and Lichtenstein) as well. Since the selection process starts about six years before a city hosts the European Capital of Culture, this could not be done under the current decision, which is valid only until 2019. The European Capitals of Culture initiative was launched in 1985 and over 40 cities have been designated since then. Its aim is to promote greater mutual understanding between European citizens and strengthen a feeling of European citizenship, simultaneously highlighting the richness of European cultures and both their diversity and their shared features. 17 and 18 July 2017 11324/17 21 EN TRANSPORT Interoperability of EU railways - objectives for technical specifications The Council decided not to object to a Commission decision supplementing the directive on the interoperability of the EU rail system (10205/17). The draft decision sets out the specific objectives of all technical specifications for interoperability that are to be developed or amended following the adoption of the technical pillar of the fourth railway package. The decision is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. This means that now that the Council has given its consent, the act can enter into force, unless the European Parliament objects to it. EU-wide multimodal travel information services The Council decided not to object to a Commission regulation setting out the necessary specifications to ensure that EU-wide multimodal travel information services are accurate and available across borders to users of intelligent transport systems (10118/17 + ADD 1). The regulation supplements directive 2010/40/EU on the framework for the deployment of intelligent transport systems in the field of road transport and for interfaces with other modes of transport. The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. This means that now that the Council has given its consent, the act can enter into force, unless the European Parliament objects to it. INTELLECTUAL PROPERTY Marrakesh Treaty on access to published works for blind and visually impaired persons The Council adopted a regulation and a directive aimed at implementing in the EU the Marrakesh Treaty on access to published works for blind and visually impaired persons. The adoption follows the agreement reached on 10 May 2017, which was confirmed by a vote in the European Parliament on 6 July 2017. 17 and 18 July 2017 11324/17 22 EN The new legislation will introduce into EU law a new mandatory exception to copyright rules, in line with the Marrakesh Treaty. This will allow beneficiary persons and organisations to make copies of works in accessible formats, and to disseminate them across the EU and in third countries which are party to the Treaty. The regulation will implement the Union's obligations under the Marrakesh Treaty with respect to the exchange of accessible format copies for non-commercial purposes between the EU and third countries that are party to the Marrakesh Treaty. The directive will incorporate the obligations under the Marrakesh Treaty into national domestic legislation. This will ensure an improvement in the availability of accessible format copies for beneficiary persons and their circulation within the internal market. The provisions of the directive will be enacted in each national legislation within a maximum period of 12 months. The EU will be able to deposit the ratification instruments of the Marrakesh Treaty after the adoption of a Council decision authorising its conclusion. Persons who are blind, visually impaired or otherwise print disabled continue to face many barriers in accessing books and other print material. The need to increase the number of works and other protected subject-matter available in accessible formats such as braille, audio-books and large print, has been recognised at international level. FOREIGN AFFAIRS Modification of annex V to the EU-Ukraine association agreement The Council established the EU position to be taken within the sanitary and phytosanitary sub-committee under the EU-Ukraine association agreement as regards sub-committee's decision to modify annex V to the agreement (sanitary and phytosanitary measures) (10304/17). By this modification a list of Union sanitary and phytosanitary acquis with which Ukraine intends to align its domestic legislation is to be added to annex V. 17 and 18 July 2017 11324/17 23 EN Modification of annex XXVI to the EU-Moldava association agreement The Council established the EU position to be taken within the EU- Moldova Association Council in order to amend the annex XXVI to the EU- Moldova association agreement (10547/17). The goal of annex XXVI has been to assure that the Customs Code of the Republic of Moldova is in line with prevailing rules in the EU. This goal can be achieved if the Republic of Moldova aligns its Customs Code with the Union Customs Code. ECONOMIC AND FINANCIAL AFFAIRS Moldova - Financial assistance The Council adopted a decision on macro-financial assistance for the Republic of Moldova (10981/17 + ADD 1 + PE-CONS 27/17). Up to €100 million will be provided, the amount consisting of €60 million in loans and €40 million in the form of grants. EU assistance will supplement resources provided by the IMF and other multilateral institutions. It will be aimed at supporting the country's economic stabilisation and structural reform agenda, helping to cover its external financing needs over the 2017-18 period. June 2017 press release on financial assistance to Moldova Insurance and reinsurance - Markets in financial instruments - Payment services - Derivatives The Council decided not to object to the following Commission regulations: - amending regulation 2015/35 on insurance and reinsurance as concerns the calculation of regulatory capital requirements for certain categories of assets held by infrastructure corporates (10096/1/17 REV 1 + REV 1 ADD 1 REV 1 + 10226/17); - supplementing regulation 600/2014 on markets in financial instruments as regards the exemption of certain third- country central banks from pre- and post-trade transparency requirements (10822/17 + 10273/17 + ADD 1); 17 and 18 July 2017 11324/17 24 EN - supplementing directive 2015/2366 on payment services with regard to regulatory technical standards for cooperation between competent authorities as concerns the right of establishment and the freedom to provide services (10936/17 + 10731/17 + ADD 1); - amending regulation 151/2013 supplementing regulation 648/2012 on over-the-counter derivatives, central counterparties and trade repositories (10941/17 + 10906/17). The regulations are delegated acts pursuant to article 290 of the Treaty on the Functioning of the European Union. They can now enter into force, unless the European Parliament objects. BUDGETS Mobilisation of the European Globalisation Adjustment Fund for Finland The Council adopted a decision mobilising €3.52 million under the European Globalisation Adjustment Fund (EGF) to provide support to 1 248 workers made redundant in an enterprise operating in the computer ***programming*** field and 11 suppliers and downstream ***producers***. The redundancies are the result of the continued structural changes in world trade patterns due to globalisation. The EGF helps workers to find new jobs and develop new skills when they have lost their jobs as a result of changing global trade patterns, e.g when a large company shuts down or a factory is moved outside the EU, or as a result of the global financial and economic crisis. EGF support consists of co-financing measures such as job-search assistance, careers advice, tailor-made training and re-training, mentoring and promoting entrepreneurship. It also provides one-off, time-limited individual support, such as job-search allowances, mobility allowances and allowances for participating in lifelong learning and training activities. TRADE Trade preferences for Ukraine The Council adopted a set of temporary autonomous trade measures in favour of Ukraine. These measures should enter into force by the end of September and will apply for a period of three years. The regulations aims at improving access for Ukrainian exporters to the EU market, in view of the difficult economic situation and the economic reform efforts undertaken by Ukraine. (10982/17) Press release, 17 July 2017: Council adopts temporary trade preferences 17 and 18 July 2017 11324/17 25 EN Trade with New Zealand The Council adopted a decision on the conclusion of an agreement between the EU and New Zealand on the application of a number of provisions of the general agreement on tariffs and trade (GATT). The agreement modifies the concessions established between the two parties in order to take into account Croatia's accession to the EU. (10672/17) JUSTICE European Public Prosecutor's Office (EPPO) The 20 member states participating in the enhanced cooperation on the creation of the EPPO reached an agreement in principle on the regulation following the general approach reached in June and the subsequent revision by the lawyer linguists. They have also decided to forward the draft regulation to the European Parliament for its consent. The aim of the regulation is to create a European Public Prosecutor's Office with the authority, under certain conditions, to investigate and prosecute EU fraud and other crimes affecting the Union's financial interests. It would bring together European and national law enforcement efforts to counter EU-fraud. For more information, see press release published in June 2017 JUSTICE AND HOME AFFAIRS Schengen - Malta The Council adopted an implementing decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta as regards the application of the Schengen acquis in the field of police cooperation. The Council adopted an implementing decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta as regards the application of the Schengen acquis in the field of return. 17 and 18 July 2017 11324/17 26 EN The Council adopted an implementing decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta as regards the application of the Schengen acquis in the field of the common visa policy. The Council adopted an implementing decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta as regards the application of the Schengen acquis in the field of management of the external border. WESTERN BALKANS Relations with Kosovo\* The Council adopted a decision on the conclusion of the framework agreement between the EU and Kosovo. This agreement concerns the general principles for the participation of Kosovo in Union ***programmes***. \* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ opinion on the Kosovo declaration of independence TRANSPARENCY Public access to documents On 30 June 2017, the Council adopted by written procedure the reply to confirmatory application No 12/c/01/17 (8002/17).

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**End of Document**



[***FEDERAL REGISTER: Statement of Organization, Functions, and Delegations of Authority Pages 6179 - 6185 [FR DOC # 2018-02821]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61Y1-F0YC-N0H1-00000-00&context=1516831)

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**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF HEALTH AND HUMAN SERVICES Centers for Disease Control and Prevention Statement of Organization, Functions, and Delegations of Authority Part C (Centers for Disease Control and Prevention) of the Statement of Organization, Functions, and Delegations of Authority of the Department of Health and Human Services (45 FR 67772-76, dated October 14, 1980, and corrected at 45 FR 69296, October 20, 1980, as amended most recently at 81 FR 84583-84591, dated November 23, 2016) is amended to reflect the reorganization of the National Center for Environmental Health, Office of Noncommunicable Diseases, Injury and Environmental Health, Centers for Disease Control and Prevention. Section C-B, Organization and Functions, is hereby amended as follows: Delete in its entirety the titles and mission and function statements for the National Center for Environmental Health (CUG) and insert the following: National Center for Environmental Health (CUG). ***Plans***, directs, and coordinates a national ***program*** to maintain and improve the health of the American people by promoting a healthy environment and by preventing premature death and avoidable illness and disability caused by non infectious, non occupational environmental and related factors. In carrying out this mission, the Center: (1) Assists in increasing the capacity of States to prevent and control environmental public health problems through training, technology transfer, grants, cooperative agreements, contracts, and other means; (2) provides services, advice, technical assistance, and information to State and local public health officials, other Federal agencies, academic, professional, international, and private organizations, and the general public; (3) ***plans*** for and provides emergency response assistance to States, localities, other Federal agencies, and international organizations; (4) identifies, designs, develops, implements, influences, and evaluates ***interventions*** to reduce or eliminate environmental hazards, exposures to these hazards, and adverse health outcomes resulting from exposure to these hazards; (5) measures, estimates, and predicts the incidence of adverse health outcomes through surveillance, surveys, and registries; (6) measures, estimates, and predicts the incidence of exposure to substances, conditions, or forces in the environment through surveillance, surveys, and registries; (7) describes and evaluates associations between environmental exposures and adverse health outcomes by using information from surveillance systems, surveys, registries, epidemiologic and laboratory studies, and by developing and maintaining a broad base of normative and diagnostic laboratory data; (8) develops and validates advanced laboratory technology for diagnosing selected chronic diseases and for assessing exposure and health effects in persons exposed or potentially exposed to environmental toxicants or other environmental agents; (9) develops and validates new epidemiologic techniques for use in study of the effects of exposure to environmental hazards; (10) provides leadership in coordinating efforts in States and in national and international organizations concerned with standardizing selected laboratory measurement systems; (11) conducts special ***programs***, e.g , coordination and review of Environmental Impact Statements; and (12) in carrying out the above functions, collaborates, as appropriate, with other Centers/ Institute/Offices of CDC.

Office of the Director (CUG1). (1) Manages, directs, coordinates, and evaluates all health-related ***programs*** of National Center for Environmental Health and Agency for Toxic Substances and Disease Registry (NCEH & ATSDR); (2) provides overall leadership in health- related activities for hazardous substances, hazardous waste sites and chemical releases; (3) provides overall coordination for the research ***programs*** and science policies of the agencies; (4) develops goals and objectives and provides leadership, policy formulation, scientific oversight, and guidance in ***program*** ***planning*** and development; (5) provides overall programmatic direction for ***planning*** and management oversight of allocated resources, human resource management and administrative support; (6) provides information, publication and distribution services to NCEH & ATSDR; (7) maintains liaison with other Federal, State, and local agencies, institutions, and organizations; (8) coordinates NCEH & ATSDR ***program*** activities with other CDC components, other Federal, State and local Government agencies, the private sector, and other nations; and (9) directs and coordinates activities in support of the Department's Equal Employment Opportunity ***program*** and employee development. Office of Communication (CUG12). (1) Serves as the principal advisor to the center director and divisions on communication and marketing science, research, practice, and public affairs; (2) leads center ***strategic*** ***planning*** for communication and marketing science and public affairs ***programs*** and projects; (3) analyzes context, situation, and environment to inform center-wide communication and marketing ***programs*** and projects; (4) ensures use of scientifically sound research for marketing and communication ***programs*** and projects; (5) ensures accurate, accessible, timely, and effective translation of science for use by multiple audiences; (6) leads identification and implementation of information dissemination channels; (7) provides communication and marketing project management expertise; (8) collaborates with external organizations and the news, public service, and entertainment and other media to ensure that scientific findings and their implications for public health reach the intended audiences; (9) collaborates closely with divisions to ***produce*** materials tailored to meet the requirements of news and other media channels, including press releases, letters to the editor, public service announcements, television ***programming***, video news releases, and other electronic and printed materials; (10) coordinates the development and maintenance of accessible public information through the internet, social media and other applicable channels; (11) provides training and technical assistance in the areas of health communication, risk communication, social marketing, and public affairs; (12) [[Page 6180]] manages or coordinates communication services such as internet/ Intranet, application development, social media, video production, graphics, photography, CDC name/logo use and other brand management; (13) provides editorial services, including writing, editing, and technical editing; (14) facilitates internal communication to center staff and allied audiences; (15) supervises and manages Office of Communications activities, ***programs***, and staff; (16) serves as liaison to internal and external groups to advance the center's mission; (17) collaborates with the CDC Office of the Associate Director for Communication on media relations, electronic communication, health media production, and brand management activities; (18) collaborates with the Office of Public Health Preparedness and Response and other NCEH & ATSDR entities to fulfill communication responsibilities in emergency response situations; (19) collaborates with other CDC Centers/Institute/Offices in the development of marketing communications targeted to populations that would benefit from a cross- functional approach; and (20) ensures NCEH & ATSDR materials meet CDC and Department of Health and Human Services standards. Office of Policy, Partnerships and ***Planning*** (CUG13). (1) Coordinates, develops, recommends and implements ***strategic*** ***planning*** and tracking for NCEH & ATSDR; (2) develops and coordinates performance management to ensure achievement of goals in NCEH & ATSDR ***programs***; (3) participates in reviewing, coordinating, and preparing legislation, briefing documents, Congressional testimony, and other legislative matters; (4) maintains liaison and coordinates with other Federal agencies for ***program*** ***planning*** and performance; (5) assists in the development of NCEH & ATSDR budget and ***program*** initiatives; (6) provides liaison with staff offices and other officials of CDC; (7) monitors and prepares reports on health-related activities to comply with provisions of relevant legislation; (8) coordinates the development, review, and approval of Federal regulations, Federal Register announcements, Freedom Of Information Act requests, GAO and IG reports, and related activities; (9) develops and strengthens ***strategic*** partnerships with key constituent groups; and (10) facilitates communication between NCEH & ATSDR and its partners. Office of Management and Analytics (CUG14). (1) ***Plans***, manages, directs, and conducts the administrative and financial management operations of NCEH & ATSDR; (2) reviews the effectiveness and efficiency of administration and operation of all NCEH & ATSDR ***programs***; (3) develops and directs systems for human resource management, financial services, procurement requisitioning, and travel authorization; (4) provides and coordinates services for the extramural award activities of NCEH & ATSDR; (5) formulates and provides overall programmatic direction for ***planning*** and management oversight of allocated resources, human resource management and administrative support; (6) develops and directs a system for cost recovery; (7) enables and supports NCEH & ATSDR data management, systems development, and information security needs; (8) directs and coordinates activities in support of the Department's Equal Employment Opportunity ***program*** and employee development; (9) coordinates employee training ***programs***; (10) develops and directs employee engagement ***programs***; (11) analyzes NCEH & ATSDR workforce, systems, and resources; and (12) manages and conducts a record management ***program*** for NCEH & ATSDR in accordance with Congressional mandate. Office of Science (CUG15). (1) Ensures NCEH & ATSDR compliance with the various statutes, regulations, and policies governing the conduct of science by the federal government, including: Human subjects research determinations, the protection of human research subjects and the use of Institutional Review Boards (IRBs), the OMB Paperwork Reduction Act (relating to the collection of information from ten or more people in a 12-month period), the OMB Information Quality Bulletin, Confidentiality Protection, and the Health Insurance Portability and Accountability Act of 1996 (HIPAA, and its ``Privacy Rule''); and others; (2) develops and maintains the NCEH & ATSDR Clearance Policy and managing and conducting clearance for NCEH & ATSDR documents; (3) coordinates and manages document cross-clearance between NCEH & ATSDR and other parts of CDC; facilitating center reviews of external documents, coordinating and managing information quality requests concerning NCEH & ATSDR documents; (4) coordinates and manages external peer review for NCEH & ATSDR documents and intramural ***programs***; (5) coordinates and manages the activities of the NCEH & ATSDR Board of Scientific Counselors (a Federal Advisory Committee) and its subcommittees and workgroups; (6) coordinates interagency workgroups/committees such as the President's Task Force on Environmental Health Risks and Safety Risks to Children, and the National Toxicology ***Program*** Executive Committee; (7) coordinates and manages NCEH & ATSDR involvement in the Epidemic Intelligence Service ***Program***; (8) coordinates NCEH & ATSDR involvement in CDC public health ethics activities; (9) coordinates NCEH & ATSDR involvement in CDC science awards activities (e.g , the Shepard Award, and CDC/ATSDR Honor Awards); (10) organizes and sponsors select training opportunities (e.g , Human Subjects/IRB, OMB/PRA, and eClearance Training for Authors and Reviewers); (11) represents NCEH & ATSDR on various CDC/ATSDR committees, work groups, and task forces, such as the CDC/ATSDR Office of the Chief Science Officer's Excellence in Science Committee, and the CDC Surveillance Science Advisory Group; (12) coordinates NCEH & ATSDR global health activities; (13) coordinates and manages the NCEH & ATSDR Healthy People 2020; (14) prepares an annual inventory of NCEH & ATSDR publications; and (15) pursuant to the National Environmental Policy Act, reviews draft Environmental Impact Statements on behalf of HHS where the proposed federal actions impact human health. Division of Laboratory Sciences (CUGD). (1) Provides advanced laboratory science to improve the detection, diagnosis, treatment, and prevention of environmental, tobacco-related, nutritional, newborn, selected chronic and selected infectious diseases; (2) provides advanced laboratory science to rapidly and accurately detect chemical threat agents, radiologic threat agents, and selected toxins; (3) develops, maintains, and applies unique, rapid, and high-quality measurement techniques to assess disease risk, identify harmful environmental exposures or nutrition deficiencies among Americans, and respond to public health emergencies (4) provides laboratory measurements in collaborative studies of human disease and vulnerable populations; (5) provides technical assistance, technology transfer, reference laboratory measurements, laboratory standardization ***programs***, and external quality assurance to state and local public health laboratories and health officials; Federal agencies; international organizations; academic, international, and private laboratories; and professional organizations to continuously improve the accuracy, precision, and cost effectiveness of [[Page 6181]] laboratory tests for environmental chemicals, nutrition indicators, heart disease, stroke and newborn screening; and (6) collaborates with other CDC organizations; Federal, State, and local agencies; and private and professional organizations to investigate new or emerging health concerns. Inorganic and Radiation Analytical Toxicology Branch (CUGDC). (1) Develops, maintains, and distributes, as appropriate, analytical methods to measure trace essential and toxic elements in human specimens; (2) applies analytical methods to assess human exposure to chemicals, including surveillance of levels in the population, epidemiologic studies, and emergency-response investigations; (3) provides training, guidance, and assistance to state and local governments, and domestic and international laboratories in the development, maintenance, and technology transfer of analytical capability for measuring trace-essential and toxic elements in specimens from people and animals; (4) develops and maintains analytical capability and expertise, and distributes, as appropriate, standards, reference materials, and protocols for measuring chemicals in response to both terrorist and non-terrorist events; (5) distributes, as appropriate, standards, reference materials, and protocols to assist state, international, and other laboratories in transferring laboratory technology for urine iodine biomonitoring, blood metals biomonitoring, and radiologic analyses; and (6) provides technical assistance and guidance to governmental agencies, academia, and professional societies regarding quality control issues related to biomonitoring for inorganic and radiologic chemicals. Clinical Chemistry Branch (CUGDD). (1) Develops and maintains analytical methods and expertise in the measurement, interpretation and standardization of chronic disease biomarkers, chemicals known to cause disease or health concerns, and biological toxins; (2) develops, establishes and maintains laboratory standardization and improvement ***programs*** to assist state, national and international agencies and organizations to better diagnose, treat and prevent selected chronic diseases and infectious diseases; (3) applies these analytical methods and standardization procedures to: Assess chronic disease status or human exposure to environmental chemicals, toxins, and pathogens; standardize disease biomarker measurements; and improve the safety and quality of biological preparations; (4) provides laboratory science to diagnose diseases caused by selected viral and bacterial organisms, and assess the effectiveness of disease treatment and prevention efforts; and (5) provides review, expert consultation, technical assistance, training, guidance and/or original scientific publications and information to federal, state, local and international investigations, surveys, studies, and/or government inquiries on topics related to human exposure assessment, standards development, analytical instrumentation as well as prevalence, risk factors, and treatment of chronic diseases, exposure to environmental chemicals, influenza, toxins and human pathogens. Organic Analytical Toxicology Branch (CUGDE). (1) Develops and maintains analytical methods to measure selected synthetic and naturally occurring organic chemicals, their metabolites, and reaction products (adducts) in human specimens; (2) applies these analytical methods to assess human exposures to these chemicals for many purposes, including surveillance of levels in the population, epidemiological studies, and emergency response investigations; (3) aids in transferring these methods within Division laboratories and to state, local and other public health laboratories; (4) develops and prepares various matrix-based quality control materials for use in such analyses; and (5) provides review, expert consultation, and original scientific publications/information to Federal, state, local, and international governments and health organizations on topics related to human exposure assessment, organic analytical methodology, high technology analytical instrumentation, preparation and analysis of biological specimens, quality control procedures, laboratory safety, and medical interpretation of laboratory findings. Newborn Screening and Molecular Biology Branch (CUGDG). (1) Provides leadership, technical consultation and assistance in laboratory testing for newborn screening, genetic and other diseases of public health importance to State Public Health laboratories, Federal agencies, academic centers, professional organizations, international laboratories, and manufacturers of diagnostic products involved in performing relevant laboratory measurements; (2) provides leadership, oversight and administration of the dried-blood spot (DBS) quality assurance ***program*** that is necessary for both domestic and international laboratories that screen for newborn disorders including metabolic conditions as well as inherited genetic and other select treatable adverse conditions in newborns; (3) develops, evaluates, standardizes, and maintains laboratory methods for biochemical and genetic assays for diseases of public health significance, immune disorders, DBS assays utilized by newborn screening ***programs*** worldwide; and (4) evaluates and refines existing and emerging laboratory technologies for measurement and study of biomarkers for clinical applications and population-based screening for diseases and genetic risk factors of public health importance. Emergency Response Branch (CUGDH). (1) Develops and maintains analytical methods to measure, in human specimens, toxic substances that are known or potential agents for use in chemical terrorism; (2) applies these measurements in response to chemical terrorism or chemical exposure emergencies and, as part of a coordinated Federal response, deploys a rapid response laboratory team to assist in obtaining human specimens for analysis; (3) transfers technology, provides training, and provides technical assistance for measurement of chemical agents in human specimens to a network of laboratories that provide additional capacity for responding to chemical terrorism; (4) provides review and expert consultation to Federal, state, local and international governments and health organizations on assessing and interpreting biomonitoring measurements of chemical agents likely to be used in terrorism; and (5) for toxic substances of public health concern but unlikely to be involved in chemical terrorism, transfers biomonitoring technology (including analytical methods), provides biomonitoring training, and provides technical assistance in biomonitoring to state laboratories. Nutritional Biomarkers Branch (CUGDJ). (1) Develops and maintains analytical methods and expertise in the measuring and interpreting of physiologic levels of essential nutrients, nonessential nutrients, and relevant metabolites; (2) develops and maintains analytical methods to measure bioactive dietary compounds, other than those needed to meet basic human nutritional needs, that are responsible for changes in health status; (3) applies analytical methods to assess human nutritional status or exposure to bioactive dietary compounds for purposes including surveillance of levels in the population, epidemiological studies, ***intervention*** trails, and emergency-response investigations; (4) provides technical assistance, training, and guidance to national, state, international, and local investigations, surveys, food fortification and clinical studies of [[Page 6182]] nutritional status, prevalence, risk factors, and treatment of chronic diseases; and (5) develops, maintains, and distributes, as appropriate, standards, reference materials, protocols, standardization ***programs***, and external quality assessment ***programs*** to assist state, international, and other laboratories in transferring laboratory technology and in establishing and maintaining quality control and calibration of methods for nutritional biomarkers and markers of physiologic changes. Tobacco and Volatiles Branch (CUGDK). (1) Develops, maintains, and applies analytical methods to measure biomarkers of exposure to toxic substances and applies these analytical methods to assess human exposures to volatile organic compounds for many purposes; (2) develops and maintains analytical methods and measures addictive and toxic substances in tobacco products, in tobacco smoke and in the blood, urine and saliva of smokers and persons exposed to tobacco smoke; (3) determines how different tobacco additives and changes in product construction and design affect delivery of addictive and toxic substances from tobacco products to people; (4) for the U.S population, regularly measures the percent of persons who are smokers and the exposure of Americans to the major toxic constituents of tobacco smoke; (5) for the U.S population, regularly measures the exposure of Americans to secondhand smoke; and (6) collaborates in human studies of disease risk associated with direct and secondhand tobacco smoke exposure and use of other tobacco products. Division of Environmental Health Science and Practice (CUGE). (1) Provides national and international leadership for the coordination, delivery, and evaluation of environmental health ***interventions*** and services; (2) advances environmental public health practice to better serve and protect the health of all people in the United States; (3) develops methods and conducts activities to assess risk to human populations from exposure to environmental hazards; (4) conducts and disseminates findings of surveillance, epidemiologic research, environmental assessments, and other scientific investigations of human exposure to environmental hazards; (5) develops mechanisms to disseminate information on environmental health ***interventions***, risks, technologies, and best practices to state, tribal, local, and territorial health departments and to other agencies with related responsibilities; (6) maintains liaison with and serves as a primary federal resource for consultation and specialized technical assistance to federal, state, tribal, local, and territorial agencies; other national, international, and private organizations; and academic institutions for environmental health issues; (7) provides consultation and technical assistance on the development and implementation of environmental health ***programs*** addressing the prevention of human health problems associated with environmental hazards; (8) serves as CDC lead on safe water issues with focus on an all-hazards approach to recreational water, drinking water systems, private wells, and other private drinking water sources; (9) serves as CDC lead for control and prevention of environmental causes of Legionnaires' disease; (10) serves as CDC lead for prevention of environmental causes of foodborne illnesses and outbreaks; (11) operates a model vessel sanitation ***program*** that includes the development of standards, inspection of vessels, sanitation and disease prevention training of the cruise ship industry, conducting gastrointestinal (GI) illness surveillance and disease outbreak investigations on vessels sailing internationally; (12) provides guidance and technical assistance to the cruise ship industry on the control and prevention of GI illnesses on vessels; (13) ***plans***, develops, implements, and evaluates training ***programs***, workshops, technical manuals and guidance, and model standards to strengthen the technical capacity of environmental health practitioners in constituent agencies and organizations, including state, tribal, local, and territorial governments; (14) provides leadership in the development and implementation of asthma control ***programs*** and strategies to reduce the asthma exacerbations and deaths; (15) serves as CDC lead for epidemiologic research and investigations of respiratory diseases, other illnesses related to air pollutants, and outbreaks of acute respiratory diseases related to environmental hazards; (16) serves as CDC lead for climate-related public health activities; (17) provides national and international leadership and support in the development, implementation and use of environmental health surveillance through the National Environmental Public Health Tracking ***Program*** and related efforts for climate, asthma, lead, radiation, and other environmentally related conditions; (18) serves as the CDC lead for the elimination and prevention of childhood lead poisoning; (19) provides radiation health expertise and leadership in areas addressing public exposures to radiation including environmental exposures, medical exposures, and nuclear/radiological emergency preparedness and response; (20) serves as the HHS and CDC lead for public health oversight associated with chemical weapons demilitarization processes and related activities conducted by the Department of Defense and its contractors; (21) conducts emergency response and associated field studies to address natural or man-made events, disease outbreaks, and requests for epidemiologic, toxicologic, or other environmental health assistance from federal, state, local, territorial, tribal or international governments; (22) ensures the participation and involvement of the public and other stakeholders in the division's ***programs***, as appropriate; and (23) coordinates division activities with other CDC components and HHS agencies, as appropriate. Office of the Director (CUGE1). (1) ***Plans***, directs and manages the activities of the division; (2) directs ***strategic*** ***planning*** and alignment with NCEH & ATSDR mission, goals, and priorities; (3) coordinates cross-cutting activities on children's health, healthy homes, tribal activities, surveillance harmonization, emergency preparedness, and workforce development; (4) serves as a conduit to intra and inter-agency entities through active collaborations, ***strategic*** ***planning*** efforts and formal exchange with emergency preparedness and response stakeholders including intelligence, legislative, & budgetary entities; (5) coordinates NCEH and ATSDR emergency management resources to support efforts to protect the public's health from environmental threats; and (6) provides incident management and coordination for complex emergency management including the development, approval, and updating of standardized processes to enable appropriate and adequate management of resources. Water, Food, and Environmental Health Services Branch (CUGEB). (1) Advances environmental public health practice to better serve and protect the health of all people in the United States; (2) provides leadership on safe water activities from an environmental public health perspective, with particular focus on an all-hazards approach to recreational water, drinking water systems, household wells, and other private drinking water sources; (3) investigates risks for exposure to and health effects from contaminants in drinking water to identify hazardous exposures and develop recommendations for minimizing [[Page 6183]] exposure and reducing public health risks; (4) disseminates, communicates, and promotes information to protect communities from adverse health impacts from water pollutants; (5) serves as CDC lead for prevention of environmental causes of foodborne illnesses and outbreaks; (6) develops methods and conducts activities to ensure the translation of new technology and prevention research findings into prevention and control ***programs*** and activities at the state, tribal, local, and territorial levels (especially for water and food safety); (7) develops technical guidelines and model standards for environmental health ***program*** areas addressed at the state, tribal, local, and territorial levels (especially for water and food safety); (8) promotes and assists in the determination and investigation of environmental antecedents and solutions to disease problems, especially when potentially related to waterborne or foodborne agents; (9) develops, implements, and evaluates training ***programs*** and workshops, develops model performance standards, and provides decision support tools to strengthen professional competency among environmental health practitioners at the state, tribal, local, and territorial levels; (10) supports state and local environmental health ***programs*** through information exchange, direct technical assistance, and evaluation of existing ***programs***; (11) supports the professional development of environmental health practitioners through collaboration with schools of public and environmental health, state, tribal, local, and territorial health agencies, and others; (12) serve as NCEH & ATSDR lead for vector-borne disease, in collaboration with and support of other CDC components; (13) serves as national and international model and CDC lead for comprehensive vessel sanitation operational inspections and oversight for vessels that have a foreign itinerary, call on U.S ports, and carry 13 or more passengers, including the following responsibilities: (a) Ensures and coordinates epidemiologic investigations of GI illness outbreaks occurring aboard vessels within CDC's jurisdiction, (b) conducts syndromic surveillance for GI illness among passengers and crew for all voyages on vessels under CDC's jurisdiction, (c) ***plans***, implements, and evaluates sanitation training for cruise ship supervisors, (d) reviews ***plans*** for vessel renovations and new vessel construction, and conducts construction inspections, (e) disseminates information on vessel sanitation inspections and other related information to the traveling public, (f) provides direct technical assistance to cruise lines, other U.S government agencies, foreign governments, and others on the development and maintenance of vessel sanitation standards and policies; and (14) coordinates activities through the division and with other components of CDC; other federal, state, tribal, local, and territorial government agencies; and other public and private organizations, as appropriate. Asthma and Community Health Branch (CUGEC). (1) Develops, implements, and evaluates the National Asthma Control ***Program*** to reduce asthma morbidity and mortality and to address asthma disparities; (2) conducts epidemiologic research and investigations of asthma morbidity and mortality; (3) supports surveillance activities for asthma, and other respiratory diseases as appropriate, to quantify burden and guide ***interventions***; (4) identifies the evidence for and promotes and tracks ***interventions*** that reduce the burden of asthma, focusing on populations with a disproportionate burden of the disease; (5) develops and disseminates training, tools and other resources to strengthen and sustain asthma control activities and technical capacity among ***program*** partners at the national, state, local, territorial, and tribal level; (6) provides technical consultation to state, local, private, international, and other federal agencies on asthma control, surveillance, epidemiology, and evaluation; (7) d

isseminates, communicates, and promotes information from surveillance and health studies related to asthma control to diverse audiences; (8) assesses the strength of evidence on air pollution exposures and public health; (9) conducts epidemiologic research and investigations of non- occupational human exposure to air pollutants and their potential health effects; (10) develops methods for assessing exposure and risk to human health from air pollutants and, in selected circumstances, conducts exposure and risk assessments; (11) designs and evaluates behavioral, policy, technological, and community design ***interventions*** to reduce exposures to air pollution and improve health; (12) facilitates international efforts to reduce indoor air pollution from cookstoves; (13) develops and coordinates training and decision support tools to strengthen and sustain air pollution activities and technical capacity among ***program*** partners at the national, state, local, territorial, and tribal level; (14) provides consultation to federal, state, local, territorial, tribal, private, and international agencies on non-occupational environmental issues related to air pollutants; (15) disseminates, communicates, and promotes information to protect communities from adverse health impacts from air pollution; (16) conducts epidemiologic research into the potential health effects of climate change and climate variability; (17) develops methods for assessing current and projected future risk to human health from climate change and climate variability; (18) designs and evaluates public health adaptation and ***intervention*** strategies for reducing the impacts of climate change and climate variability on health; (19) develops and coordinates training and decision support tools to strengthen and sustain public health adaptation activities related to climate change and climate variability; (20) helps build technical capacity among ***program*** partners at the national, state, local, territorial, and tribal level; (21) provides consultation to state, local, private, international, and other federal agencies on human health issues related to climate change and climate variability; (22) disseminates, communicates, and promotes information about public health adaptation to climate change and climate variability to diverse audiences; (23) enhances healthy community design by helping public health, and transportation by providing convenient and safe opportunities to walk, bicycle, and use public transit; (24) develops and maintains quality partnerships with key ***program*** stakeholders; and (25) coordinates asthma, air, and climate activities through the division and with other components of CDC; other federal, state, tribal, local, and territorial government agencies; and other public and private organizations, as appropriate. Lead Poisoning Prevention and Environmental Health Tracking Branch (CUGED). (1) Implements the National Environmental Public Health Tracking ***Program***, establishing goals and objectives to ensure the provision of information from a nationwide network of integrated health and environmental data that drives actions to improve the health of communities; (2) establishes standards, processes, and protocols to guide scientific activities and content in the National Environmental Public Health Tracking Network and component state, local, territorial and tribal networks; (3) provides standardized and integrated health, [[Page 6184]] environmental, and hazard data from multiple information systems at the national, state, and local levels; (4) fills key environmental health data and information gaps through application of novel and nontraditional data, technologies, tools and methods; (5) coordinates development of training, workforce capacity, and infrastructure to support and sustain environmental public health tracking among ***program*** partners at the national, state, local, territorial, and tribal level; (6) develops tools and products used to synthesize environmental public health surveillance data to support public health decision making at the national, state, and local levels; (7) continually modernizes and enhances the tracking network's underlying IT and informatics technology to address stakeholder information needs; (8) develops and maintains quality partnerships with key environmental public health tracking stakeholders; (9) facilitates communication and coordination of environmental public health tracking activities across and within health and environmental agencies; (10) facilitates and conducts scientific activities for environmental public health tracking; (11) disseminates, communicates, and promotes use of environmental public health tracking information to diverse audiences; (12) conducts continuous quality improvement for environmental public health tracking activities; (13) establishes goals and objectives for a national childhood lead poisoning prevention ***program*** for CDC, which includes reduction of lead exposures from all sources, including lead-based paint and lead in water; (14) works with U.S Department of Housing and Urban Development, U.S Environmental Protection Agency, U.S Department of ***Agriculture***, U.S Department of Energy, National Institute of Standards and Technology and other agencies to develop and implement an integrated national ***program*** to eliminate childhood lead poisoning; (15) serves as the lead agency for coordinating efforts designed to achieve national ***program*** objectives and performance standards related to the prevention of childhood lead poisoning; (16) provides consultation and assistance to federal agencies, state and local health agencies, and others in ***planning***, developing, and implementing childhood lead poisoning prevention ***programs***; (17) develops, conducts, and evaluates epidemiologic research on childhood lead poisoning, its causes, geographic distribution, trends and risk factors; (18) assists state and local government agencies by providing epidemiologic assistance for special studies and investigations related to childhood lead poisoning prevention; (19) develops and helps implement, in concert with other federal agencies, national organizations, and other appropriate groups, a training agenda for health professionals and workers related to childhood lead poisoning prevention activities; (20) provides support to the CDC/NCEH Federal Advisory Committee relevant to lead poisoning prevention; and (21) coordinates environmental health surveillance/tracking and childhood lead poisoning prevention activities through the division and with other components of CDC; other federal, state, tribal, local, and territorial government agencies; and other public and private organizations, as appropriate. Emergency Management, Radiation, and Chemical Branch (CUGEE). (1) Provides scientifically based technical assistance and guidance to state, local, tribal, and territorial health departments to safeguard the American public against radiation exposures; (2) provides radiation-related education, training, and information to the public health and clinician communities and the general public; (3) collaborates with public health partners in state, tribal, local, territorial, federal, international, and nongovernment organizations on radiation-related health issues; (4) supports the ability of CDC and HHS staff to prepare for and respond to nuclear/radiological emergencies; (5) explores emerging radiation-related health threats; (6) serves as the HHS and CDC lead for activities related to chemical weapons demilitarization; (7) conducts reviews of Department of Defense (DOD) chemical demilitarization ***plans***, calling on appropriate experts within and outside CDC and HHS; (8) reviews air monitoring and analytical ***plans*** and performance for demilitarization of chemical weapons; (9) ensures that adequate provisions are made for public health and worker safety during chemical demilitarization activities; (10) coordinates activities with DOD agencies and state and local health and environmental agencies concerning chemical demilitarization ***plans*** and operations, including the evaluation of medical readiness; (11) performs site visits before and during chemical demilitarization operations; (12) reviews and provides relevant public health information to health professionals and the public, and ensures the participation and involvement of the public and other stakeholders, as appropriate; (13) reviews and evaluates closure ***plans*** for chemical demilitarization including decontamination and waste-handling activities; (14) reviews on-site emergency response ***plans*** for chemical demilitarization activities; (15) conducts epidemiologic research and investigations of human exposure and health effects related to environmental hazards (excluding foodborne illness outbreaks and lead, air and water pollution) of the following types: (a) Physical agents, (b) chemical and metal agents, including those causing acute effects and other more long-term effects such as carcinogenesis, mutagenesis, and teratogenesis, (c) biological agents, including both technologic and natural toxins and/or allergens (except infectious disease-causing agents), (d) natural and technologic disasters, including natural events such as floods, drought, tornadoes, cyclones, earthquakes, and volcanic eruptions, and events resulting from human activities, (e) diseases and syndromes of uncertain etiology and/or potentially related to environmental hazards, (f) multipollutant or multimedia studies, (g) emerging environmental topics that may impact public health; (16) provides epidemiologic leadership, technical assistance, and guidelines related to investigation and communications of disease clusters; (17) provides epidemiologic and statistical support to other environmental health ***programs*** as appropriate; (18) develops methods and activities directed toward assessing risk to human populations from exposure to environmental hazards; (19) provides surveillance, epidemiologic emergency response for, and epidemiologic study of natural and other environmental disasters; (20) provides consultation to state, local, and other federal agencies, as well as to international and private organizations, on environmental health issues; (21) provides public health guidance and resources based on scientific evidence to state, tribal, local, territorial, and international public health departments so that they may prepare and respond to environmental public health events (such as unplanned releases and spills); (22) works in collaboration across NCEH & ATSDR and other CDC components to respond to and, where designated, provide technical assistance on HHS activities associated with emergency response to technological and environmental disasters; (23) provides technical assistance, as appropriate, on health consultations and assistance in the medical care and testing of exposed individuals to private or public health care providers in cases of public health emergencies; (24) develops, implements, and manages ***programs*** to enhance the [[Page 6185]] emergency response readiness of CDC and other national, regional, state, local, and international public health organizations; (25) develops capacity within the states to integrate new and existing epidemiological and scientific principles into operational and programmatic expertise in emergency preparedness, response, and recovery; (26) identifies and shares best practices from all academic and operational fields to develop appropriate technical assistance for state and local departments of health for all-hazards preparedness, response, and recovery; (27) provides technical assistance related to the development of contingency ***plans***, training, and operational liaison activities with other agencies and response teams engaged in emergency responses; (28) coordinates activities through the division and with other components of CDC; other federal, state, tribal, local, and territorial government agencies; and other public and private organizations, as appropriate; (29) supports NCEH and ATSDR emergency management efforts to protect the public's health from environmental threats; (31) facilitates situational awareness, fusion, and outreach by developing and disseminating timely assessments of evolving events, courses of action, and communication to intra and inter-agency partners; (32) supports incident management and coordination for complex emergency management including the development, approval, and updating of standardized processes to enable appropriate and adequate management of resources; (33) serves as the NCEH & ATSDR subject matter experts for facilitating emergency management ***planning***, training, and exercise; including identification of requirements, key skillsets/ capabilities, capacity, and critical gaps in our preparedness posture; (34) works with the National Response ***Program*** and CDC guidelines to collaborate with stakeholders during emergency response situations; and (35) provides technical information and site-specific support in addressing the health issues presented by emergency or acute release events, and on the nature, extent, status, and implications of ongoing, emerging, and evolving threats and subsequent efforts to reduce their adverse impacts. Sherri Berger, Chief Operating Officer, Centers for Disease Control and Prevention. [FR Doc. 2018-02821 Filed 2-12-18; 8:45 am] BILLING CODE 4160-18-P

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[***Council of the European Union: Council Implementing Decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta on the application of the Schengen acquis in the field of the common visa policy ST 11326 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PJP-M1Y1-JDG9-Y3TB-00000-00&context=1516831)

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In the field of ***agriculture***, the central topic of the presidency will be the future of the Common ***Agricultural*** Policy. This will also be the main theme of the informal meeting of the AgriFish ministers in Tallinn in September 2017. The Presidency will emphasise the simplification of the CAP, largely in the context of the Omnibus regulation. Jointly with the Commission, the presidency will monitor the market situation in the main ***agricultural*** sectors with a view to finding feasible solutions in the case of difficulties. Moreover, the presidency will be devoted to strengthening the ***producers***’ position in the food supply chain. Concerning legislative files, the presidency will continue examining the Commission proposal for the spirit drinks regulation with the aim of agreeing on the Council's general approach, and will continue work on the veterinary medicine and medicated feed regulations. The sustainable use of ***agricultural*** soils, antimicrobial resistance, the implementation of digital solutions for effective control measures, and emergency preparedness will also be key topics in the work ***programme*** of the presidency. In the field of fisheries, the presidency aims to adopt the Baltic Sea fishing opportunities and at the December meeting the Black Sea fishing opportunities and fishing opportunities in EU waters and beyond. The presidency will also continue working on co-decision files, such as the management ***plans*** (Baltic Sea salmon MAP included), trying to achieve the general approach where possible. The North Sea management ***plan*** and the technical measures framework regulation could reach the trilogue stage. The Presidency also ***plans*** to start discussions on the future of the European Maritime and Fisheries Fund (EMFF) by organising, in cooperation with European Commission, the conference on the future of EMFF. 17 and 18 July 2017 11324/17 6 EN ***AGRICULTURE*** Trade-related ***agricultural*** issues On the basis of a Commission update, the Council discussed the latest developments in trade and the EU efforts to open up new world markets and promote EU ***agricultural*** products. In its presentation the Commission emphasised the good state of EU agri-food exports and reported on the progress made on a number of free trade agreements. Particular attention was given to the recent agreement in principle on a EU-Japan free trade deal, thanks to which the vast majority of EU agri-food products exported to Japan would become duty- free over time. The Commission also elaborated on the ongoing negotiations with Mexico and Mercosur, the opening of negotiations with Norway, Morocco, ASEAN (Association of Southeast Asian Nations), Australia and New Zealand, as well as on the implementation of EU-Canada Comprehensive Economic and Trade Agreement (CETA). Finally, the Commission also reminded delegations of the joint proposal drafted with Brazil on domestic support and public stockholding that will be the basis for negotiations at the 11th WTO ministerial conference in Buenos Aires in December 2017. Ministers had the opportunity to share their views on the EU's ongoing and upcoming free trade negotiations and their potential impact on European ***agriculture***. They generally welcomed the agreement in principle with Japan, although some of them were still assessing the impact on ***agricultural*** products. Others, conversely, expressed misgivings about the Mercosur agreement, highlighting the importance of defending sensitive sectors like beef meat, ethanol and sugar. Reciprocity was also mentioned as one of the principles that should guide negotiations. Various ministers were also concerned that negotiations within the WTO could touch on the blue box, i.e subsidies that are tied to ***programmes*** that limit production, thereby prejudging negotiations on the future CAP post -2020. Member states advocated even more transparency from the Commission during negotiations, and asked to be closely associated with negotiations before they reach a final stage. This point was discussed jointly with an AoB item on trade practices applied by third countries vis-à-vis the EU and its member states 17 and 18 July 2017 11324/17 7 EN Wine grape varieties and their synonyms that may appear on wine labels The Slovenian delegation presented its substantive and legal concerns about a Commission delegated act granting wine ***producers*** from another member state an exception allowing them to use, in the labelling of their wine, the name of a grape variety, which is also a wine benefiting from a protected designation of origin in Slovenia. The delegated act relates in particular to the dispute between the Croatian 'Hrvatska Istra' and the Slovenian 'Teran' PDO wine. Some member states expressed misgivings about the delegated act, set to enter into force on 19 June 2017, and spoke against introducing a precedent that could jeopardise the system of geographical indications in the future. Ministers had already discussed the issue in January 2017. Conference on public consultation on modernising and simplifying the CAP Simplification: implementation of the May 2015 Council conclusions The Commission presented the results of the conference 'The CAP, have your say', which took place in Brussels on 7 July 2017. The conference was a chance to take stock of the outcome of the recent consultation on the future of the Common ***Agricultural*** Policy (results here) and to see how the outcome matched the scientific evidence gained on the ground. The Commission considered the results of the consultation encouraging. They highlighted wide support for a strong and modern EU-wide CAP, for a fair standard of living for farmers and for ***agriculture*** to deliver public goods linked to the environment, climate change, and new societal demands (e.g animal welfare, organic ***produces***, etc.). The Commission also reported to the Council on the progress made on the simplification of the CAP since the adoption of Council conclusions in May 2015. In the ensuing debate, ministers welcomed the results of the consultation and underlined the fundamental role of ***agriculture*** in providing sustainable growth of food production, which is necessary to feed a growing world population. They agreed that the CAP should not be considered as an old policy, as it can actively contribute to the protection of the environment and the climate. However, ministers emphasised that to match these ambitions, the financing of the CAP should be stable and adequate, even in the context of a smaller EU post-Brexit budget. Some member states asked for a market -oriented policy and for a better position for farmers in the food supply chain. 17 and 18 July 2017 11324/17 8 EN Ministers also encouraged the Commission to make simplification and the reduction in the administrative burden a priority in the future overhaul of ***agricultural*** rules. These points were discussed jointly with two AoB items on the meeting of the ***agriculture*** ministers of the extended Visegrad group and on the future CAP finances. Background 1) On 2 February 2017, the Commission launched a major consultation on the future of the CAP. The three-month consultation allowed participants to share their views on the challenges faced by the EU ***agricultural*** sector, its rural areas and society as a whole, and on how a simpler, more modern CAP could potentially be used to meet them. The results of both the consultation and the on-the-ground analysis will feed into a Communication on modernising and simplifying the CAP to be published by the Commission later in 2017 which will assess the different options for possible policy developments. 2) CAP simplification is part of the EU's overall strategy to streamline and reduce EU legislation wherever possible. In this context, the EU institutions decided to look at what was agreed in the latest CAP reform and propose improvements achievable in the short and medium term. The Council adopted conclusions on the issue in May 2015 emphasising that, in implementing the CAP, greater account should be taken of the subsidiarity and proportionality principles. It also recalled the main principles to be respected in this process: – preserve the policy objectives and the main elements of the reformed CAP; – ensure the sound financial management of EU funds; – focus on areas where those implementing the CAP as well as its beneficiaries would benefit most; – improve the clarity and consistency of legislation. Conclusions pointed to a short-term focus on the review of delegated and implementing acts of the reformed CAP. In the longer term, efforts should also be made to simplify the basic acts. 17 and 18 July 2017 11324/17 9 EN FISHERIES Fishing opportunities for 2018 The Council was briefed on a Commission communication on the state of play of the Common Fisheries Policy (CFP) and consultation on the fishing opportunities for 2018. During the ministerial exchange of views member states generally welcomed the communication and the progress achieved on a number of stocks in various sea basins, renewing their commitment to the objectives of the CFP. Concerning the methodology put forward by the Commission to calculate TACs (total allowable catches) and quotas, they stressed the need to acknowledge the specificities of the different regions and fisheries. Several delegations also highlighted the problem of choke species in implementing the landing obligation. The Commission communication is a first assessment of the current state of implementation of the reformed CFP since its introduction. It focuses in particular on the progress made in: achieving the MSY objective (maximum sustainable yield), rebuilding stocks, improving the profitability of the EU fleet while balancing it with the fishing capacity, the implementation of regionalisation and of the landing obligation. Furthermore, the communication sets out the principles to be followed by the Commission in formulating its proposal for fishing opportunities for 2018, which is due for this autumn. As in the past, the Commission will follow the CFP objectives and be based on the best available scientific advice. In particular, the Commission will propose TACs in line with FMSY for stocks on which scientific advice or MSY proxies are available. For stocks that fall under the Baltic Multiannual ***Plan***, TACs will reflect the ranges included in the ***plan***. Finally, for other stocks not having analytical or biological advice, the Commission will follow the precautionary approach. The Commission is also considering TAC adjustments for stocks subject to the landing obligation as of 2018, as it did for 2017. The public consultation linked to the communication will run until mid September. Member states, stakeholders and the public are invited to offer suggestions on these policy orientations. 17 and 18 July 2017 11324/17 10 EN Any other business – Trade practices applied by third countries vis-à-vis the EU and its member states The Czech delegation raised the issue of unjustified non-tariff barriers used by third-country partners vis-à-vis the EU and its member states with a discriminatory purpose. It referred in particular to burdensome practices such as: complicated certification systems, long procedures or import bans imposed for various reasons. The Czech Republic, supported by several delegations, also encouraged the Commission to make every effort to prevent the application of discriminatory trade policy measures and unjustified trade barriers. This item was discussed jointly with the one on trade-related ***agricultural*** issues. – Drought in Portugal, Spain and Belgium The Spanish, Portuguese and Belgian delegations informed the Council about the drought situation in their countries and the impact this has had on ***agriculture***, and in particular on the cereal and livestock sectors. Spain and Portugal also asked for the authorisation to increase advanced direct payments at least up to 70%, and to enable famers to temporarily use land laying fallow for grazing in the period when this practice would be prohibited. Belgium also asked that advanced payments be increased to 70% for direct payments and to 85% for the IACS rural development payments. In the ensuing debate, several delegations expressed sympathy for the Belgian, Spanish and Portuguese requests. Some explained that they were also experiencing severe heat waves with consequent droughts affecting ***agriculture***, and asked to have access to the same tools, namely higher advanced payments and the temporary exemption from some greening rules. The Commission showed itself open to accommodating the requests of Portugal, Spain, Belgium and Luxembourg and to making the same instruments available to other member states on the basis of justified requests. 17 and 18 July 2017 11324/17 11 EN – Farmland trade in the EU On behalf of the Hungarian, Slovak, Lithuanian, Bulgarian and Romanian delegations, Poland drew the Council's attention to the issue of land availability for farmers in the European Union, arising from processes such as speculation and excessive concentration of farmland. Poland in particular emphasised the need to consider access to land as an overriding public interest and to defend national legislation aimed at improving the operation of national ***agriculture*** land trade markets. Some delegations shared the Polish concerns and requests, and the Commission was open to cooperating with member states to find solutions to the problem while fully observing internal market freedoms. – One Health action ***plan*** against antimicrobial resistance The Commission presented its communication 'One health action ***plan*** against antimicrobial resistance (AMR) '. The ***plan*** provides an updated framework for future EU actions against AMR and is aimed at reducing the emergence and spread of AMR and at increasing the availability of new effective antimicrobials for human and veterinary medicine. The key objectives are making the EU a best practice region, boosting research and intensifying EU efforts worldwide to shape the global agenda on AMR. The Commission invited the Council to endorse the new EU action ***plan***, which was called for in the Council conclusions of June 2016, and called on member states to ensure cooperation in its implementation. Ministers welcomed the ***plan*** and showed full support. They generally agreed that the EU should become a best practice region, and also encouraged the Commission to work at international level to promote good practices universally, thereby better addressing the global threat of AMR. – African swine fever The Commission informed ministers of the state of play in the fight against African swine fever. In particular, it reported on new cases detected in wild boars in the Czech Republic, in which context human activity is suspected of playing a role - given the long distance between the new cases and the previously infected area -, and the predicted epidemic seasonal summer peak. It confirmed the continued Commission efforts to tackle the disease and asked member states to enhance cooperation and increase their alert level and preparedness. 17 and 18 July 2017 11324/17 12 EN In the ensuing debate, member states highlighted the actions they had already undertaken to prevent the spread of ASF and stressed the importance of a good cooperation between all actors. Some of them explained that these activities were burdensome from the point of view of finances and human resources and asked for financial support. – Symposium on the future of food, Brussels 27 June 2017 The Council was briefed on the outcome of the symposium on 'The Future of Food in the EU', which was organised by the Joint Research Centre of the European Commission (JRC) and the trio-presidency of Malta, Slovakia and the Netherlands. The event was attended by 140 representatives of member states, the Commission, NGOs and the business community. Its main aim was to provide input to comprehensive and future-oriented policy development and implementation that reflects Europe's leading role in food safety and nutrition security. Central to the symposium's ***programme*** was the presentation of the report entitled “Delivering on Food Safety and Nutrition in 2050 - Future challenges and policy preparedness”, prepared by the JRC in collaboration with the Directorate -General for Health and Food Safety of the Commission. – Consequences of mandatory food origin labelling for the internal market At the request of the Belgian delegation ministers discussed the impact on the internal market of national rules introducing mandatory labelling of the country of origin of food, and in particular for milk and foodstuffs containing milk or meat as an ingredient. The Belgian delegation took the opportunity to invite the Commission to assess the impact of the different national rules on the internal market one year after the implementation of the first national decree. In the debate that followed some ministers warned against mandatory origin labelling which would, in their opinion, not only be costly and burdensome but also detrimental to the internal market and free movement of goods. Several supported the Belgian request to have an impact assessment on the national rules introducing mandatory labelling of the country of origin of food. Others laid emphasis on transparency, the right of the consumer to be correctly informed and the growing societal demand to know the origin of food, in order to support the idea of an EU-wide mandatory labelling of origin. 17 and 18 July 2017 11324/17 13 EN – Dual quality of foodstuffs: presentation of the latest study and meeting in Bratislava on 30 May 2017 The Czech delegation presented to ministers the results of the latest scientific study carried out by the University of Chemistry and Technology of Prague and comparing identical foodstuffs sold in the Czech Republic, Hungary, Germany, Austria and Slovakia. Furthermore, at the request of the Slovak delegation, the Council was briefed on the outcome of the Bratislava event, the objective of which was to support an effective exchange of information and to strengthen cooperation among the participating member states (Bulgaria, the Czech Republic, Hungary, Poland, Slovenia and Slovakia). The meeting also served as a platform for present results of recent comparative studies of quality of food products and to analyse the legal and ethical implications of the dual quality practice on the internal market and consumers. The Commission shared delegations' assessment of the seriousness of the issue and restated its commitment to fight against unfair commercial practices. It said it would engage the consumer protection network and enhance synergies with the High Level Forum for a Better Functioning Food Supply, with the objective of comparing practices in relation to a wider scope of products and for the whole internal market. However, it considered that for the time being there was no need for further legislation. The issue of dual quality of foodstuffs had already been discussed in Council in May 2016 and March 2017. – Meeting of the ***agriculture*** ministers of the extended Visegrad group, Poland 2 June 2017 The Polish delegation briefed the Council on the outcome of the above-mentioned meeting, which also included Bulgaria, Romania and Slovenia. The meeting was devoted to a discussion on the CAP after 2020 and ***produced*** a joint declaration on the same subject. The meeting was also an opportunity to discuss the issues of: trade in ***agricultural*** land, market mechanisms on the sugar and cereals markets, and unfair trading practices in the food supply chain. This item was discussed jointly with those on modernising and simplifying the CAP, simplification, and the future CAP finances. During that debate, the Commission and some delegations considered that the Visegrad paper was very useful for fuelling the debate on the future CAP. 17 and 18 July 2017 11324/17 14 EN – The CAP in the Commission's reflection paper on the future of EU finances On the initiative of the Spanish delegation ministers had the opportunity to discuss the issue of the future finances of the CAP. Spain noted that in the Commission's reflection paper on the future of EU finances, four of the five scenarios would involve a serious reduction in CAP financing. It therefore sought further clarification of the matter from the Commission. The Commission's reflection paper on the future of EU finances by 2025 sets out a series of options and scenarios regarding the future direction of the EU budget and how it could be used. It is intended as a further stimulus to a public debate about where the Union is going and what Europeans want to achieve together. This is the last of the 5 reflection papers following the White Paper on the Future of Europe. This item was discussed jointly with those on modernising and simplifying the CAP, simplification, and the meeting of the ***agriculture*** ministers of the extended Visegrad group. During that debate, several delegations appreciated the Spanish request for more information and agreed on the need for an adequately financed CAP in the future. – Ministerial conference on 'GMO free ***agriculture***: a chance for rural development in Central and South Eastern Europe', Vienna 9-10 May 2017 Ministers were informed about the outcome of the above-mentioned conference, which was a joint Hungarian-Austrian initiative and was attended by ministers and other high-ranking representatives from Central and South Eastern European countries. The event marked the 20th anniversary of the Austrian referendum on genetic engineering, which showed that Austrians firmly reject food ***produced*** using GMOs. The event was linked to the Danube Soya Initiative, which was launched by Austria and created a ***strategic*** partnership for the production of GMO-free and organic soya in the Danube region. Austria and Hungary underlined the fact that, despite all efforts, the demand for GMO-free soya is far from being met in the EU. Even though GMO-free soya production has increased in Europe over the past few years, large amounts of soya meal still need to be imported. The Commission welcomed the initiative but reminded the Council that the EU would continue to have a significant protein deficit, especially for proteins from soy beans and soy meals. It considered that full substitution of all imports by EU GMO-free production was not achievable in the short term, and that EU farmers would continue to largely rely on imports of GMO soya. 17 and 18 July 2017 11324/17 15 EN – Conference on 'Making sustainable ***agriculture*** a future for youth in Africa', Rome 2 July 2017 The Commission informed the Council about the outcome of the conference that brought together ***agriculture*** ministers from the EU and the African Union and which took place at the FAO headquarters in Rome on 2 July. The event was co-hosted by Commissioner Hogan, African Union Commissioner Sacko and the Estonian Minister for Rural Affairs Tarmo Tamm on behalf of the Estonian Presidency. It addressed important issues in relation to the sustainable development of the agri-food sector in Africa and the creation of sustainable employment opportunities for African youth, particularly in rural areas. The aim of the conference was to build up political engagement and start a policy dialogue which may contribute to the preparation of the 5th EU-Africa summit that will take place in Abidjan on 28-29 November 2017, in particular by providing a list of tangible deliverables focusing on the promotion of responsible public/private investment in Africa. The latter theme is also one that will be addressed by the Italian and German presidencies of the G7 and G20 respectively. 17 and 18 July 2017 11324/17 16 EN OTHER ITEMS APPROVED ***AGRICULTURE*** EU particular status in the International Organisation of Vine and Wines (OIV) The Council approved the letter requesting a particular status for the EU in the OIV, in accordance w

ith Article 4 of the OIV’s rules of procedure, subject to the Commission submitting to the Council, sufficiently in advance before the matter is included on the agenda of the OIV's General Assembly for decision, a proposal, based on Article 218(9) TFEU, for a Council Decision establishing the position to be adopted on the Union's behalf with regard to the decision of the General Assembly of the OIV to grant the European Union a particular status under the terms of a special arrangement between the OIV and the EU (11007/17). Since the creation of the International Vine and Wine Office, replaced in 2001 by the International Organisation of Vine and Wine (OIV), several EU member states have participated in the activities of the OIV, notably drawing up recommendations on oenological practices, definitions and descriptions of products and methods for analysing and assessing vine products. A more active participation of the EU in the work of the OIV will facilitate the establishment of EU positions with regard to the OIV’s draft recommendations and the future development of EU rules in line with OIV standards. FISHERIES Rules on the functioning of the Advisory Councils under the Common Fisheries Policy The Council did not oppose the adoption of a Commission regulation amending regulation no 2015/242 laying down detailed rules on the functioning of the Advisory Councils under the Common Fisheries Policy (10688/17). The Common Fisheries Policy (CFP) provides for the establishment of stakeholders' organisations, the Advisory Councils, the main role of which is to provide advice to the Commission and member states concerned on matters relating to the management of fisheries and the socio-economic and conservation aspects of fisheries and aquaculture in their respective area or field of competence. Commission delegated regulation 2015/242 of 9 October 2014 lays down detailed rules on the functioning of these bodies in general and on their structure and organisation in particular. The above-mentioned delegated act modifies the provision on the definitions of the two main categories of stakeholders represented in the Advisory Council. 17 and 18 July 2017 11324/17 17 EN ENVIRONMENT CO2 emissions: light commercial and duty vehicles The Council decided not to object to two Commission delegated regulations concerning light commercial (10022/17 + ADD 1) and light duty vehicles (10024/17 + ADD 1). These delegated regulations amend both annexes I and II to regulations 510/2011 and 443/2009 in order to adapt them to the change in the regulatory test procedure for the measurement of CO2 emissions from these types of vehicles. The new regulatory text procedure - World Harmonised Light Vehicles Test Procedure (WLTP) - will provide values of CO2 emissions and fuel consumption that resemble more accurately real driving conditions. It replaces the existing and outdated New European Test Cycle (the NEDC). The WLTP- based specific emission target will apply as of 2021.Until then, methodologies, set out in both regulations, will be used to take into consideration the difference between the level of CO2 emissions measured with the NEDC and the WLTP procedures. The Commission regulations are delegated acts pursuant to article 290 of the Treaty on the Functioning of the EU. They can now enter into force, unless the European Parliament objects. Kigali Amendment to the Montreal Protocol The Council adopted a decision to conclude on behalf of the European Union the Kigali Amendment to the Montreal Protocol, paving the way to its formal ratification. The amendment aims to reduce globally the consumption and production of hydrofluorocarbons, which are potent greenhouse gases contributing to global warming and climate change (7725/17 + ADD1 + ADD2). The EU is determined to lead global efforts to tackle climate change. It is a committed party to the Montreal Protocol, the four amendments to the Protocol and now, its fifth – the Kigali Amendment. The EU has now to formally deposit the declaration of competence together with the instrument of ratification of the Kigali Amendment with the United Nations. Read full press release 17 and 18 July 2017 11324/17 18 EN Amendment to the Gothenburg Protocol The Council adopted a decision1 accepting on behalf of the European Union an amendment to the 1999 Gothenburg Protocol to reduce emissions of air pollutants globally (7524/17 + ADD1). The amendment aims to enhance the protection of human health and the environment from transboundary air pollution and to that end, it strengthens the rules laid down in the original protocol. The EU, fully committed to improving air quality, has already aligned its legislation with the amended protocol in the revised National Emission Ceilings directive adopted in 2016. The EU now needs to officially deposit the instrument of acceptance of the amendment with the United Nations. Read full press release Aarhus Convention The Council adopted a decision on the position of the European Union at the 6th session of the Meeting of the Parties to the Aarhus Convention (MoP-6) regarding a case brought before the Convention's Compliance Committee against the EU (11150/17 & 11194/17 ADD1 REV1). In the Council decision, the EU - with all member states in unanimity - accepts the draft Aarhus decision, subject to some amendments in order to clarify inter alia that the Meeting of the Parties does not intend to require the EU to interfere with the independence of its judiciary. The Council will now communicate this decision to the Aarhus Convention Secretariat in the context of the ongoing MoP-6 preparations. The MoP-6 will be held in Budva (Montenegro) on 11-15 September 2017. Read full press release 1 Denmark voted against this Council decision. However, it will accept the protocol on behalf of the country to maintain the EU's overall air-quality objectives. See statement 17 and 18 July 2017 11324/17 19 EN INTERNAL MARKET Motor vehicles - Acoustic alerting system - Type-approval The Council decided not to object to the adoption by the Commission of a regulation laying down requirements for the installation of acoustic alerting systems in new cars, vans and lorries for the purpose of EU-type approval (10784/17 and 10784/17 ADD1). The new Commission regulation, which will amend regulation 540/2014 on the sound level of motor vehicles, also takes into account international standards for type-approval. Hybrid electric and pure electric vehicles emit sound of very low intensity as compared to vehicles with an internal combustion engine, thus resulting in environmental benefits. However, that reduction has removed an important source of audible signal that warns vulnerable road users, typically visually impaired persons or cyclists, of a vehicle's approach, presence or departure. The new rules are therefore aimed at alerting vulnerable road users, for their safety, to the presence of such vehicles. The Commission regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. It can now enter into force unless the European Parliament objects. HEALTH Good manufacturing practice for medicinal products The Council decided not to object to the two following Commission acts: – a Commission regulation specifying the principles and guidelines of good manufacturing practice to ensure that investigational medicinal products used for clinical trials are of required quality (10015/17) – a Commission directive supplementing directive 2001/83/EC as regards the principles and guidelines of good manufacturing practice for medicinal products for human use (9047/17) The two acts are delegated acts pursuant to article 290 of the Treaty on the Functioning of the EU. They now can enter into force, unless the European Parliament objects. 17 and 18 July 2017 11324/17 20 EN FOOD LAW Diet replacement for weight control The Council decided not to object to a Commission regulation laying down specific compositional and information requirements for total diet replacement for weight control (10021/17 + ADD1). The regulation updates the existing rules regarding total diet replacement for weight control with an energy content of between 3 360 kJ (800kcal) and 5 040kJ (1200kcal) and lays down specific rules on total diet replacement with an energy content fewer than 3 360kJ (800kcal). The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. It now can enter into force, unless the European Parliament objects. CULTURE European Capitals of Culture The Council adopted a decision amending Decision 445/2014/EU establishing a Union action for the European Capitals of Culture for the years 2020 to 2033 (PE-CONS 25/17). Decision 445/2014/EU sets out the framework for selection, designation and monitoring of the cities to be awarded the title of European Capitals of Culture from 2020. The aim of the current amendment is to allow access to the action to EFTA/EEA countries (Norway, Iceland and Lichtenstein) as well. Since the selection process starts about six years before a city hosts the European Capital of Culture, this could not be done under the current decision, which is valid only until 2019. The European Capitals of Culture initiative was launched in 1985 and over 40 cities have been designated since then. Its aim is to promote greater mutual understanding between European citizens and strengthen a feeling of European citizenship, simultaneously highlighting the richness of European cultures and both their diversity and their shared features. 17 and 18 July 2017 11324/17 21 EN TRANSPORT Interoperability of EU railways - objectives for technical specifications The Council decided not to object to a Commission decision supplementing the directive on the interoperability of the EU rail system (10205/17). The draft decision sets out the specific objectives of all technical specifications for interoperability that are to be developed or amended following the adoption of the technical pillar of the fourth railway package. The decision is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. This means that now that the Council has given its consent, the act can enter into force, unless the European Parliament objects to it. EU-wide multimodal travel information services The Council decided not to object to a Commission regulation setting out the necessary specifications to ensure that EU-wide multimodal travel information services are accurate and available across borders to users of intelligent transport systems (10118/17 + ADD 1). The regulation supplements directive 2010/40/EU on the framework for the deployment of intelligent transport systems in the field of road transport and for interfaces with other modes of transport. The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. This means that now that the Council has given its consent, the act can enter into force, unless the European Parliament objects to it. INTELLECTUAL PROPERTY Marrakesh Treaty on access to published works for blind and visually impaired persons The Council adopted a regulation and a directive aimed at implementing in the EU the Marrakesh Treaty on access to published works for blind and visually impaired persons. The adoption follows the agreement reached on 10 May 2017, which was confirmed by a vote in the European Parliament on 6 July 2017. 17 and 18 July 2017 11324/17 22 EN The new legislation will introduce into EU law a new mandatory exception to copyright rules, in line with the Marrakesh Treaty. This will allow beneficiary persons and organisations to make copies of works in accessible formats, and to disseminate them across the EU and in third countries which are party to the Treaty. The regulation will implement the Union's obligations under the Marrakesh Treaty with respect to the exchange of accessible format copies for non-commercial purposes between the EU and third countries that are party to the Marrakesh Treaty. The directive will incorporate the obligations under the Marrakesh Treaty into national domestic legislation. This will ensure an improvement in the availability of accessible format copies for beneficiary persons and their circulation within the internal market. The provisions of the directive will be enacted in each national legislation within a maximum period of 12 months. The EU will be able to deposit the ratification instruments of the Marrakesh Treaty after the adoption of a Council decision authorising its conclusion. Persons who are blind, visually impaired or otherwise print disabled continue to face many barriers in accessing books and other print material. The need to increase the number of works and other protected subject-matter available in accessible formats such as braille, audio-books and large print, has been recognised at international level. FOREIGN AFFAIRS Modification of annex V to the EU-Ukraine association agreement The Council established the EU position to be taken within the sanitary and phytosanitary sub-committee under the EU-Ukraine association agreement as regards sub-committee's decision to modify annex V to the agreement (sanitary and phytosanitary measures) (10304/17). By this modification a list of Union sanitary and phytosanitary acquis with which Ukraine intends to align its domestic legislation is to be added to annex V. 17 and 18 July 2017 11324/17 23 EN Modification of annex XXVI to the EU-Moldava association agreement The Council established the EU position to be taken within the EU- Moldova Association Council in order to amend the annex XXVI to the EU- Moldova association agreement (10547/17). The goal of annex XXVI has been to assure that the Customs Code of the Republic of Moldova is in line with prevailing rules in the EU. This goal can be achieved if the Republic of Moldova aligns its Customs Code with the Union Customs Code. ECONOMIC AND FINANCIAL AFFAIRS Moldova - Financial assistance The Council adopted a decision on macro-financial assistance for the Republic of Moldova (10981/17 + ADD 1 + PE-CONS 27/17). Up to €100 million will be provided, the amount consisting of €60 million in loans and €40 million in the form of grants. EU assistance will supplement resources provided by the IMF and other multilateral institutions. It will be aimed at supporting the country's economic stabilisation and structural reform agenda, helping to cover its external financing needs over the 2017-18 period. June 2017 press release on financial assistance to Moldova Insurance and reinsurance - Markets in financial instruments - Payment services - Derivatives The Council decided not to object to the following Commission regulations: - amending regulation 2015/35 on insurance and reinsurance as concerns the calculation of regulatory capital requirements for certain categories of assets held by infrastructure corporates (10096/1/17 REV 1 + REV 1 ADD 1 REV 1 + 10226/17); - supplementing regulation 600/2014 on markets in financial instruments as regards the exemption of certain third- country central banks from pre- and post-trade transparency requirements (10822/17 + 10273/17 + ADD 1); 17 and 18 July 2017 11324/17 24 EN - supplementing directive 2015/2366 on payment services with regard to regulatory technical standards for cooperation between competent authorities as concerns the right of establishment and the freedom to provide services (10936/17 + 10731/17 + ADD 1); - amending regulation 151/2013 supplementing regulation 648/2012 on over-the-counter derivatives, central counterparties and trade repositories (10941/17 + 10906/17). The regulations are delegated acts pursuant to article 290 of the Treaty on the Functioning of the European Union. They can now enter into force, unless the European Parliament objects. BUDGETS Mobilisation of the European Globalisation Adjustment Fund for Finland The Council adopted a decision mobilising €3.52 million under the European Globalisation Adjustment Fund (EGF) to provide support to 1 248 workers made redundant in an enterprise operating in the computer ***programming*** field and 11 suppliers and downstream ***producers***. The redundancies are the result of the continued structural changes in world trade patterns due to globalisation. The EGF helps workers to find new jobs and develop new skills when they have lost their jobs as a result of changing global trade patterns, e.g when a large company shuts down or a factory is moved outside the EU, or as a result of the global financial and economic crisis. EGF support consists of co-financing measures such as job-search assistance, careers advice, tailor-made training and re-training, mentoring and promoting entrepreneurship. It also provides one-off, time-limited individual support, such as job-search allowances, mobility allowances and allowances for participating in lifelong learning and training activities. TRADE Trade preferences for Ukraine The Council adopted a set of temporary autonomous trade measures in favour of Ukraine. These measures should enter into force by the end of September and will apply for a period of three years. The regulations aims at improving access for Ukrainian exporters to the EU market, in view of the difficult economic situation and the economic reform efforts undertaken by Ukraine. (10982/17) Press release, 17 July 2017: Council adopts temporary trade preferences 17 and 18 July 2017 11324/17 25 EN Trade with New Zealand The Council adopted a decision on the conclusion of an agreement between the EU and New Zealand on the application of a number of provisions of the general agreement on tariffs and trade (GATT). The agreement modifies the concessions established between the two parties in order to take into account Croatia's accession to the EU. (10672/17) JUSTICE European Public Prosecutor's Office (EPPO) The 20 member states participating in the enhanced cooperation on the creation of the EPPO reached an agreement in principle on the regulation following the general approach reached in June and the subsequent revision by the lawyer linguists. They have also decided to forward the draft regulation to the European Parliament for its consent. The aim of the regulation is to create a European Public Prosecutor's Office with the authority, under certain conditions, to investigate and prosecute EU fraud and other crimes affecting the Union's financial interests. It would bring together European and national law enforcement efforts to counter EU-fraud. For more information, see press release published in June 2017 JUSTICE AND HOME AFFAIRS Schengen - Malta The Council adopted an implementing decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta as regards the application of the Schengen acquis in the field of police cooperation. The Council adopted an implementing decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta as regards the application of the Schengen acquis in the field of return. 17 and 18 July 2017 11324/17 26 EN The Council adopted an implementing decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta as regards the application of the Schengen acquis in the field of the common visa policy. The Council adopted an implementing decision setting out a recommendation on addressing the deficiencies identified in the 2016 evaluation of Malta as regards the application of the Schengen acquis in the field of management of the external border. WESTERN BALKANS Relations with Kosovo\* The Council adopted a decision on the conclusion of the framework agreement between the EU and Kosovo. This agreement concerns the general principles for the participation of Kosovo in Union ***programmes***. \* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ opinion on the Kosovo declaration of independence TRANSPARENCY Public access to documents On 30 June 2017, the Council adopted by written procedure the reply to confirmatory application No 12/c/01/17 (8002/17).

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[***Creating a strategic enforcement approach to address wage theft: One academic’s journey in organizational change***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BH3-3R61-DY41-71MD-00000-00&context=1516831)

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**ABSTRACT**

***Strategic*** enforcement represents a proactive approach to using limited enforcement resources available to a regulatory agency to protect workers as required by the law. It does so by using enforcement tools, outreach, and collaboration with other government agencies, worker advocates, businesses, and the public to change employer behavior in a sustainable way. ***Strategic*** enforcement is critical given the limited resources available to government as well as because of the breaking up (fissuring) of modern employment that increases the prevalence of violations and makes responsibility for compliance more opaque. This article lays out the challenges in instituting such an approach based on the author’s experience in leading a major federal workplace agency in the US during the Obama administration. It describes the major elements of a ***strategic*** enforcement approach as well as the major organizational innovations that were necessary to put it into place.

**FULL TEXT**

***Strategic*** enforcement conceptually can be summarized with a simple definition: ***Strategic*** *enforcement seeks to use the limited enforcement resources available to a regulatory agency to protect workers as proscribed by laws by changing employer behavior in a sustainable way*. On first inspection, that definition may appear self-evident. After all, who cannot agree with optimal use of limited resources (the mantra of economics)?

Yet there are important differences in that definition of ***strategic*** enforcement from the default behavior of enforcement agencies. First, the severely limited resources available to most enforcement agencies mean that prioritization and triage must be a baseline element of decision-making. It requires challenging default practices like ‘first-in, first-out’ that often are adopted because of their efficacy or perceived fairness but undermine rational allocation of resources. Second, although government workplace agencies typically enforce a specific set of regulations or rules (e.g. recovering back wages for failure to pay the minimum wage or provide overtime compensation), ***strategic*** enforcement means focusing on ***interventions*** that *change the behaviors* that result in rule violations in the first place. Finally, limited resources require agencies to consider how they can have an impact on compliance even after an investigation ends. Recovering back wages for workers or payment of penalties by employers does not in and of itself assure future compliance. ***Strategic*** enforcement requires finding mechanisms that lead to *sustainable and ongoing compliance*. Prioritization, changing behavior, and sustaining compliance requires a very different approach to enforcement than typical of most agencies. And that approach cannot be implemented without major changes to the organization of the agency and how it undertakes its work.

In 2014, I was nominated by President Barack Obama and confirmed by the US Senate to lead the US Department of Labor’s Wage and Hour Division, the federal agency charged with enforcing some of the nation’s most important laws relating to the workplace. Although we undertook major regulatory initiatives during the administration, including in the areas of modernizing overtime exemptions and expanding coverage of minimum wage and overtime laws to millions of home care workers, this article focuses on fundamental changes we undertook to transform the way the Wage and Hour Division (WHD) undertook its basic enforcement responsibilities. By altering our ***strategic*** approach to enforcement and instituting a major organizational transformation in the process, we sought to expand the capacity of the agency to ensure that the 130 million workers would receive vital workplace protections. Those changes were guided by more than a decade of academic research that I had undertaken (including an article published in this journal; Weil, 2009).

My experience in ‘sitting in the seat’ and being responsible for making decisions was sobering and humbling given the implications of my decisions.

It also involved the most intense tutorial of my career on the practical matter of taking ideas and translating them into organizational actions, often requiring the development of consensus and occasionally the navigating of deep divides between political and career staff.1 In that work, I had the good fortune to be taught in the breach by talented and dedicated fellow political appointees and experienced and wise career public servants.2

In this article, I lay out the challenges facing a regulatory agency like the Wage and Hour Division and argue that a different approach to discharging its mission is required. I then discuss eight major elements of strategy that we put in place to undertake a more proactive and impactful approach to improving compliance with labor standards. Finally, I review the major organizational innovations that we put in place to translate broad ***strategic*** directions into action. Throughout, I hope to provide a sense of the interplay of research with practice that was an essential part of the process of organizational change.

**The need for *strategic* enforcement**

The WHD’s official mission is to ‘promote and achieve compliance with labor standards to protect and enhance the welfare of the Nation’s workforce’.3 The goal underlying this mission is based on a basic principle of fairness: making sure working people in the US receive a fair day’s pay for a fair day’s work. For the WHD, ‘labor standards’ is defined by the Fair Labor Standards Act of 1938, which establishes the minimum wage, requires overtime pay for work over 40 hours in a week, restricts child labor, and sets out recordkeeping requirements for employers.4 Though this scope is much more narrow than provided, for example, by the International Labour Organization ([stet spelling of ‘Labour’]’ ILO) Core Labor Standards or as defined by similarly named laws in other countries, the protections provided by wage and hour laws are intended to provide a basic level of economic security to US workers and allow them to earn enough wages to purchase goods and services to support themselves and their families.

For several decades, I studied and documented the determinants of compliance with health and safety and labor standards (e.g. Ji and Weil, 2015; Weil, 1996, 1999, 2001, 2005a). Yet the actual cases of labor violations – commonly called ‘wage theft’ in the US – that came across my desk as Administrator or, more evocatively, that I heard about on my frequent trips to the field, from blatant retaliation against workers for lodging a complaint, to obstruction of WHD investigations, to failure to pay overtime due to intentional misclassification of workers as independent contractors – were often jaw-dropping. Violations often meant that janitors, cable installers, carpenters, housekeepers, home care workers, or distribution workers did not receive the basic wages and overtime they had earned – losses typically equivalent to losing several months of earnings and in some cases much more.

The US economy has changed significantly in the 80 years since the passage of the Fair Labor Standards Act (FLSA) and the birth of the WHD. These changes have had major impacts on compliance and how the WHD’s efforts and enforcement strategies have evolved. Two changes are particularly notable.

First, the growth of the US economy and expansion of labor standards coverage means that the WHD’s statutes cover 7.3 million establishments and 135 million workers.5 Under the Obama administration (and despite the ongoing opposition by the Republican-held Congress during 6 of the administration’s 8 years), the WHD increased the number of investigators to almost 1000 from a low of 700 at the end of the Bush administration. Yet that is still a tiny number relative to the scale of workplaces the agency oversees. Thinking about how to prioritize and make sure that the agency’s investigators and efforts focused on where we could have greatest impact on compliance therefore became central. Our shorthand for this approach was ‘***strategic*** enforcement’.

Adopting a ***strategic*** enforcement approach was also crucial for a second reason. As an academic researcher, I studied the transformation of employment relationships across a growing number of industries in what I named the ‘fissured workplace’ (Weil, 2014). Over the last 25 years, and accelerating particularly in the last decade (Katz and Krueger, 2016), major businesses facing pressure from private and public capital markets increasingly focused on core competencies (e.g. brands, logistics excellence, product development) while shedding many of the activities necessary to carry out that work onto other business organizations. Using a variety of organizational methods, including subcontracting, third-party management, and franchising, major businesses shifted more and more of the work required to create products and services, while maintaining tight control over outcomes. As a result, although consumers still perceive a unitary company as the provider of the product or service they use (e.g. a Hilton Hotel room or Amazon.com delivery), the work undertaken to provide it was undertaken by a complex web of different employers.

This ‘fissuring’ of employment increases incentives for noncompliance, for example, at the bottom of several levels of subcontractors or between small franchisees whose margins are typically thin and competition fierce. The fissured workplace also creates greater complexity in defining who is responsible for that compliance, given the multiple organizations with a hand in setting working conditions. Consider a modern distribution center. Workers there will be operating under the strict technical and time requirements set by the controlling retailer, via a third-party logistics company that manages the facility who, in turn, hires individual staffing companies who pay their employee sometimes on a piece rate (i.e. truck-by-truck) basis because they consider them as independent contractors. Not a situation very conducive to establishing clear responsibility for compliance for workers, employers, or agency investigators. Addressing the fissured workplace and its impacts is therefore essential to any enforcement approach.

**Moving from a reactive to a proactive approach**

Prior to the Obama administration, the WHD operated with a strategy and drew on an organizational structure that was fairly typical of workplace enforcement agencies.6 The agency pursued workplace-by-workplace resolution of problems. Most investigations were triggered via worker complaints. During both the Clinton and Bush administrations from 1998 to 2008, often more than 75% of investigations arose from worker complaints (Weil, 2010). With tens of thousands of incoming cases, the WHD sought to recover back wages for workers as provided by the law and resolve those cases as quickly as possible and move on. Investigators were evaluated by efficiency metrics linked to the number of cases processed, the time required to do so, and keeping their individual backlogs down.

In short, the WHD approach – again like that of many enforcement agencies – was reactive: respond to complaints and then bring individual offending employers into compliance. On one level, responding to incoming complaints arising from violations is consistent with what the law requires. The WHD has always faced far more incoming complaints than could be handled with the budget appropriated by the US Congress. The agency therefore focused on ways to respond to a huge inbox efficiently, and focused its organizational incentives and attention to increasing the number of complaints it processed with the resources it had. But even an efficient system of complaint response risks leaving the forces driving noncompliance unaddressed and results in an unending game of whack-a-mole.

The foundation of ***strategic*** enforcement required shifting a far larger portion of investigations to a proactive approach, chosen on the basis of agency priorities and undertaken as part of a ***plan*** to improve compliance. It also required WHD offices sometimes to decide not to pursue complaints, thereby freeing investigator time to pursue proactive, directed investigations. Doing so was possible in part because the law allows workers to undertake back wage claims via private rights of action (e.g. hiring an attorney for an individual or sometimes class action claim).

At the same time, the agency refined methods of triaging complaints so that it pursued incoming complaints where significant problems seemed to be present, in situations related to broader investigation priorities, and where it was unlikely that workers would be able to pursue their claims for back wages. Procedures to more efficiently handle complaints related to singular problems, such as failure to pay last paychecks, were also refined so that investigators' time could be used to greatest effect. Through these efforts – requiring major organizational changes described in the following – proactive investigations grew as a percent of all investigations from 24% in 2008 to over 50% by 2017. Increasing our capacity to undertake proactive investigations was the bedrock of the ***strategic*** enforcement approach.

**Setting industry priorities**

Proactive investigations and triaging complaint investigations require explicitly setting priorities. Priority setting by industries started early in the Obama administration, with analyses that were done to rank industries according to two criteria. First, we prioritized based on the prevalence of FLSA violations (e.g. the number of minimum wage violations per 100 workers) and the severity of those violations (e.g. the total amount of back wages owed per worker who were paid in violation). Rather than use data from past investigations to measure these outcomes, we adapted measures from household surveys done by the Bureau of the Census to create an objective measure of violations across different regions and labor standards violations.7 Second, we used WHD administrative data on investigations triggered by worker complaints to estimate the likelihood that workers would exercise their basic rights.8 Putting the two criteria together allowed the agency to establish a priority list of low-wage industries with significant underlying violation problems and where workers historically had been unlikely to step forward on their own. These industries became the focus of WHD activity over much of the Obama administration.9 The original list of industries included full- and limited-service eating and drinking, hotel and motels, janitorial, ***agricultural*** products, and home health care. These priority industries provided the backdrop for annual agency ***planning***.

The process of setting and negotiating priorities led to important discussions that furthered the aims of ***strategic*** enforcement. A region putting forward an industry from the priority list would need to make a case for why enforcement resources should be devoted to it – what evidence suggested that either the problems were greater than shown by the data used to set national priorities or what opportunities to move the compliance needle were present that justified its inclusion. In this way, setting priorities created a platform for deeper discussions of conditions in different offices and regions as well as refinement of the overall understanding of compliance conditions.

**Using all enforcement tools**

Many enforcement agencies do not fully utilize the tools that have been provided by the laws that established them. So was the case at the WHD. The FLSA allows the agency to collect civil monetary penalties where an employer has shown a repeated, willful, or egregious failure to comply with the law. Yet the agency used its ability to levy civil monetary penalties in less than half of the cases where they were entitled to do so.10

A second remedy established in the FLSA is liquidated damages, which are payments directly to workers equal to double the amount of back wages owed to them. Liquidated damages compensate workers for those losses sustained several years in the past. In both the Clinton and Bush years, the WHD barely used its ability to collect liquidated damages for workers even though the statute clearly provided for that remedy. Absent the use of these remedies, employers face limited incentives to comply with the law given that the default remedy became payment of the back wages owed to workers. If the remedy remains only recovery of those payments, employers have essentially been provided a no-interest loan by its workforce. By collecting liquidated damages, employers face an economic incentive to comply with the law in the first place, creating incentive to change future behavior.

A different tool that was used sparingly but with considerable effect was the provision of the FLSA that allows the agency to ask contractors, manufacturers, and retailers to not move or accept delivery of goods where investigators had found evidence of significant violations of the FLSA by the ***producer*** of the goods – the ‘hot goods’ authority. This tool was used extensively in the garment industry where investigations in 2015 and 2016 found violation rates over 85% among randomly selected workplaces. Because of the importance of speed in many industries, alerting an employer that their goods will be delayed in order to rectify violations creates incentives both to resolve the matter and put in place measures that will assure future compliance. Although controversial, the use of hot goods authority in ***agriculture*** also allowed the agency to focus attention on the significant problems for workers in that industry and bring parties in the supply chain to the table to help resolve them.

In the past, the agency shied away from the above enforcement tools, in part because they require a coordinated approach and close working relationship between the WHD and the Office of the Solicitor.11 In the US, the Secretary of Labor is a cabinet-level officer appointed by and reporting directly to the President. All of the agencies within the Department of Labor report to the Secretary, including the Solicitor of Labor, the top litigator under labor statutes like the FLSA. Despite the fact that agency heads and the Solicitor all work under the Secretary, cross-agency collaboration was limited and did not foster such cooperation. Committing to using these tools was therefore only the first step: figuring out how to change the way that WHD and the Solicitor’s office interacted in the National Office and in the field was a separate, difficult, but essential part of making it happen (as discussed later).

The agency also refined other enforcement tools. Although they had been used in particular initiatives in the past, investigative tools like stakeouts, new methods of reconstructing payrolls, interviewing workers, and digging into employer claims of financial inability to pay back wages and damages, all contributed to enhanced enforcement capacities. These steps reflected broader efforts to up the agency’s game in response to the challenging practices often encountered by WHD investigators. For example, the WHD trained investigators on how to undertake time studies in the garment and ***agriculture*** industries in order to test the veracity of payroll records (often falsified). These studies were particularly important since workers in those sectors are often paid on a piece rate but employer records are often incomplete or in some cases nonexistent. This makes it difficult to assess whether payments to workers are in compliance with minimum wage and overtime requirements.12

**Outreach – employers**

Noncompliance can arise because employers do not fully understand the requirements under the law, so outreach can provide another mechanism for changing employer behavior beyond enforcement.13 The task, however, is not simply providing brochures or web links. As in all aspects of ***strategic*** enforcement, approaching this question means recognizing differences in employer compliance driven by industry structure and practice, ownership structure, geography, competitive dynamics, and specific company history.

For example, in rolling out the new home care rule in 2016 that provided minimum wage and overtime coverage for two million workers, we used focus groups composed of different covered employers to refine and clarify guidance. I regard this as one of the most successful outreach documents the agency created. Rather than issuing a dry, dense, and legalistic guidance document, the WHD engaged stakeholders in developing a handbook that reflected detailed input from those who most needed the information.

Employer outreach also requires using a variety of venues and mechanisms to make employers aware of their responsibilities and of the approach and aims of the agency. This entailed creating different forums to bring employers together with the agency and with each other. During the Obama administration, the WHD undertook 18,000 such outreach events across the country.

Another type of employer-focused document that we used to increase impact and change behavior proactively was the administrator interpretation (AI). The AI replaced a form of guidance that had been used extensively by the Bush administration, so-called ‘opinion letters’. Opinion letters were guidance documents directed toward a specific company with a specific type of question that was to provide guidance to that business about future compliance behavior. Although it has some value in terms of its impact on compliance among businesses with reasonable questions under the law, an opinion letter requires dedicating a great deal of time in research and drafting by both the WHD and the Solicitor’s office. Since it is focused on a single employer, that use of resources is problematic in terms of its very limited ripple impact beyond that employer.14

The idea of an AI was to provide more comprehensive guidance for all employers in an area of major regulatory attention. Because of its broader impacts, an AI requires greater resources than an opinion letter. But on a benefit–cost basis, those additional resources are offset by the broader impacts of the AI on employer communities. We notably used this approach in two AIs addressing the fissured workplace: one dealing with the definition of an employee (particularly important given the problem of misclassification of workers as independent contractors) and a second dealing with the definition and application of the concept of joint employment.15

**Outreach – workers**

One of the fundamental challenges facing a workplace regulatory agency is making sure that workers exercise the rights they are provided under the law. The FLSA – and many state workplace laws – provides workers with a right to complain and otherwise exercise rights. The problem is that workers, particularly those who are vulnerable and more likely to be subjected to violations of the law, are unaware or more commonly reluctant to exercise those rights because of fear of reprisal or, in worst-case scenarios, dismissal. In the case of the WHD, it takes an average of 130 violations of overtime provisions to elicit a single worker complaint (Weil and Pyles, 2006).

The fissured workplace can further reduce the likelihood of complaints. For example, workers from a staffing agency may be working side-by-side with employees of the host company – or may have had their status switched from an employee to one of independent contractor. This murkiness undermines the likelihood of complaints. We used a variety of communication tools, beginning with providing materials in multiple languages, and different media to provide basic information about rights.

However, fear of retaliation is the fundamental obstacle to the exercise of employee rights. Even before the Trump administration, fear of retaliation was significant – and it was and is fear born for good reason. In a study of low-wage workers in three major US cities, in 2008, 43% of workers who had actually complained about a workplace issue in the previous 12 months reported some form of employer or supervisor retaliation.16 Studies have long shown that exercise of rights significantly increases if workers have a third party present – that is a union.17 Although unions were usually not present in the actual workplaces we focused on, unions and other workers' advocacy organizations often had significant information about the industries, employers, and sometimes specific workplaces of concern. Those organizations also often were seen as safe and trusted intermediaries for workers.

Worker centers, community organizations, immigrant rights groups, and other advocates play a variety of informational and educational roles, often in immigrant communities. Some function as intermediaries in day-labor markets in construction, landscaping, and ***agriculture***. ***Strategic*** enforcement therefore requires finding ways to work with unions, worker advocacy organizations, consulates, and other community groups who could serve as trusted intermediaries.

Establishing trusting relationships between those organizations and a government agency can be complicated. Workplace agencies have legal responsibilities to protect workers by enforcing the law. Unions and worker organizations are fundamentally dedicated to building power to negotiate in the interest of workers. Though overlapping in many respects, the difference in objectives can create tension and requires the development of relationships that allow these organizations to work effectively together.

The frictions sometimes arose around issues like the type of information a government agency needs in pursuing its statutory purposes (e.g. what constitutes a legally defensible record of violation); the type of information the agency can share with worker organizations and when it can do so; the pace of the investigation as well as the types of changes and outcomes that can be achieved. For example, the WHD guards the identity of a complainant carefully. That limits the type of information the agency will share with any party once an investigation has been initiated. The need for confidentiality is sometimes more broadly interpreted by the agency than might be necessary under the law, but it springs from an important desire to protect complainants from discrimination by employers. On the other hand, worker advocacy organizations, which have their own distinctive internal politics, have a need to be able to report to their members on the progress of actions including relationships with regulators in regard to specific investigations. Inevitable tensions ensue.

Despite these complexities, we developed highly effective relationships with worker advocates over time. As in any relationship, they deepened with growing trust between individuals, greater appreciation of the respective roles each organization played, experience in working through problems, and successful outcomes. Developing a dedicated staff position to undertake the overall outreach role proved to be particularly critical in this respect, as described next.

***Strategic* communications**

In the Stanley Kubrick film, ‘Dr Strangelove’, the world ends because of a doomsday bomb built to create the ultimate disincentive for a nuclear exchange. The problem was that the side that built the device did not let the other side know of its existence. As is the case in thwarting nuclear exchanges, communication is key to deterrence for any regulatory agency. It also plays other critical roles in achieving agency mission.

An enforcement agency engaged in true ***strategic*** communication searches for ways to ‘connect the dots’ for the various parties who watch an agency’s action for messages about its intentions. Working to communicate what an agency is doing, why it is doing it, and how it will choose to do so going forward can have an enormous impact on employers, workers, and the public. The value of ***strategic*** communication is complementary to a robust enforcement approach and highly developed methods of outreach. If an agency hopes to have deterrence effects on thousands of employers that it will never have adequate resources to directly investigate, communications is one of the most important mechanisms for amplifying enforcement impact.

At the WHD we spent a great deal of time crafting outreach strategies geared toward specific sectors so that they understood our reasons for focusing on them (e.g. the presence of large numbers of low-wage and vulnerable workers; the presence of significant problems like misclassification of workers as independent contractors rather than employees). Equally, providing information about our outreach efforts signaled to employers our willingness to engage with them and once again our resolve to achieve our mission.

Changing the nature of how we described the impact of our investigatory work is another example of ***strategic*** communication. The typical WHD press release prior to the Obama administration summarized the case in terms of the number of workers impacted and the total wages collected in the course of the investigation. Characterizing the outcomes of an investigation in terms of the size of the back wage collections – say $185,000 for 55 janitors and cleaners in Chicago–might sound like a major outcome to some and a minor one to others.18 However, translating that into a figure relative to the typical weekly salaries earned by workers – about 8.5 weeks of earnings – is a far more powerful message about the scale of losses to workers involved.

**Regulatory agreements**

The agreements that an agency creates in the wake of an investigation represent another key tool for ***strategic*** enforcement. There are many paths that can be taken in resolving any given investigation. For many investigations, the final step entails the recovery of back wages and, if appropriate, compensatory damages. This outcome represents the bulk of settlements.

However, an agency also has available to it broader means of resolving investigations that go beyond direct settlements for affected workers. At the WHD we developed a broad range of compliance agreements arising from administrative investigation actions, litigation, and sometimes proactive voluntary arrangements, all of which were designed to have broader and more lasting impacts than simply reaching a settlement with the parties.

The WHD negotiated enhanced compliance agreements (ECAs) in many cases out of investigations that required litigation by the Solicitor. The ECAs included requirements to establish new positions to oversee compliance, undertake training for specified management personnel, provide mechanisms for workers to lodge complaints internally on a confidential basis, and/or establish third-party monitoring systems to undertake ongoing compliance assessment of subcontractors, suppliers, or other business partners. In some cases, such as with large farm labor contractors in California, what began as an ECA grew into more cooperative arrangements between the WHD and the signatory contractors. In the best cases, these arrangements allowed for joint problem-solving as was the case in an agreement between the WHD and CalVans, a nonprofit transportation organization to transport workers to farms in California’s Central Valley.19 The agreement came in the wake of farmworker deaths from being transported to and from farms by for-profit ‘raterios’.

The WHD also negotiated voluntary agreements to create a mechanism for systemic compliance outside of litigation and ECAs. One example was an agreement between Florida Natural, a major ***producer*** of orange juice located in the Tampa, Florida area, and the Tampa WHD District Office. That arrangement grew out of a comprehensive analysis by an Assistant District Director who mapped the relationships between a large number of growers, orange wholesalers, and other orange suppliers to Florida Natural. The map included a color coding to indicate past WHD violation histories for the different sources of oranges, with ‘red’ indicating major problems, ‘yellow’ indicating the presence of some problems, and ‘green’ indicating a record of compliance. These maps were shared with executives of Florida Natural as an indication of violations within its supply chain. Although it would have been difficult under the FLSA to establish Florida Natural’s responsibility for compliance (e.g. as a joint employer), sustained discussions between the agency and Florida National led to a voluntary arrangement where by the WHD provided training and outreach to growers, Florida Natural signaled to its growers and farm labor contractors its awareness and concern with compliance of potential suppliers, and the agency continued to undertake its core enforcement activities.

Signed in the summer of 2016, the Subway agreement represents perhaps one of the most comprehensive voluntary arrangements entered into by the WHD. The agreement was between the WHD and the corporate entity (Doctor’s Associates, Inc.) that owns the Subway franchisor system. Since that system includes some 13,000 outlets across the US, the potential for achieving compliance at scale was significant. Growing out of an informal letter of understanding between the WHD and the Chief Operating Officer at Subway in 2011, the Subway Agreement provides for training, sharing of data regarding compliance as well as the status of outlets, and problem solving to deal with persistent problems.20

**Evaluation, performance monitoring, and continuing improvement**

***Strategic*** enforcement is not only an approach to achieving the mission of a regulatory agency, but it also represents a mindset for organizational management. One key component is a commitment to evaluating the impacts of different approaches, measuring them to the extent quantitatively and qualitatively possible, and then revising approaches based on those evaluations.

The WHD developed a range of performance measures intended to capture the broader definition of success implied by the agency’s mission. Rather than measuring success by inputs, like the number of investigations or the hours devoted to them, measures related to outcomes were developed. In order to measure the efficacy of our targeting approaches, for example, we focused on the percentage of investigations undertaken where violations were detected. That measure was paired with the percentage of overall investigations undertaken at the District Office regional and national levels on a directed versus complaint basis. Aligning both measures allowed the agency to assess at a local, regional, and national level progress on the use of proactive investigations at the same time as gauging improvements in the agency’s ability to focus those investigations on workplaces with significant problems.

Figure 1 shows the significant progress made by the agency during the Obama administration in two key respects: increasing the percentage of investigations done on a proactive basis (the green line that moves upward between 2009 and 2017) and improving targeting of those investigations (the black line depicting a downward trend in the ‘no violation rate’ of directed investigations and the blue line indicating reduction in that rate in complaint investigations). Equally striking is that the large gap between directed and complaint investigations in 2009 decreased steadily so that by 2017 they had an equivalent likelihood of finding violations.21Figure 1.Key performance metrics: percent of complaint and directed investigations with no violations, 2009–2017.

**Organizational change to support *strategic* enforcement**

In *Strategy and Structure*, a classic book in business history, the economic historian Alfred Chandler (1962) examined how the modern corporation developed as an organizational system to support business strategy. Regulatory agencies must similarly create organizational structures that support the strategies that have been chosen. If they do not, the investigators, managers, and staff will not have the tools, skills, or incentives to carry out that strategy. In order to make the major changes in direction described above, the WHD had to develop, experiment with, and refine its organizational approaches in a number of important ways to support ***strategic*** enforcement.

It is easy to assert the need to change an organization to support new ***strategic*** directions. Of course, the problem is that organizational structures do not change quickly or easily. People are hired with a set of skills and expectations. Incentives to do certain activities become entrenched. A culture emerges about how the work of the agency is done. Changing that to accommodate a new strategy is hard. It requires buy in and determination. If the organization is not adapted to support the new strategy, new ***strategic*** priorities and efforts will remain just so many words. The following sections briefly describe some of the most important changes that we undertook.

**Changing decision making processes among agency leaders to provide transparency on budgets and performance measures**

***Strategic*** enforcement at the WHD required a level of accountability by key leaders in the organization quite different from traditional approaches to managing a regulatory agency. In particular, it required leaders at the District Office regional, and national level to be accountable for key performance outcomes central to the new approach toward mission. Creating greater accountability also required providing appropriate resources, information, and engagement of key decision-makers so that they had the means to achieve the new objectives that had been given.

This required greater transparency on how budgets were allocated for the different levels of the agency. Regional Administrators were provided greater information on the resources available to their region as well as to the other regions in the agency. The National Office budget was also made more accessible to all of the senior leaders in the agency. Enhanced transparency allowed for more informed discussion about key resource choices necessary to make ***strategic*** enforcement effective. The transition to providing more open information was neither simple nor smooth. It required building systems to provide that information on a monthly basis as well as the development of trust among the key decision-makers about sharing information and ***plans*** with one another and being willing to openly debate resource allocation decisions.

Performance outcomes were also explicitly tied to resource allocations. The ***planning*** process entailed engaging decision-makers at all levels of the agency in setting performance goals critical to ***strategic*** enforcement (beginning with those in Figure 1). In doing so, ***strategic*** enforcement discussions could be link the allocation of resources with the achievement of objectives achieved in any period of time. One of the most important impacts of tracking performance outcomes on a monthly basis at the District Office, Regional, and National level were the conversations they generated. Regional Administrators used the measures as bases for discussions with District Office leadership on a periodic basis, as did the National Office in its discussions with each region. As the agency became better at ***producing*** and using the data – eventually giving District Offices the capacity to generate these and other key performance outcome reports at a local level and providing leadership with access to one another’s data – the sophistication of discussions of larger enforcement strategy was elevated.

**Creating training, performance criteria, incentives, and a culture for investigators consistent with a *strategic* enforcement approach**

At the same time that senior leaders in the organization were provided greater responsibility, accountability, and control over key decisions relating to ***strategic*** enforcement, we sought to find ways to give investigators, technicians, and staff the tools they needed to successfully undertake ***strategic*** enforcement. As is the case in other parts of organizational structure, this was an iterative process.

The agency devoted significant resources to training investigators in the underlying ideas of ***strategic*** enforcement. The curriculum for incoming investigators and for the follow-up training that investigators later took – both fabled parts of WHD culture – were altered to include materials about ***strategic*** enforcement and its use. These ***programs*** include a 3-week residency ***program*** called ‘Basic 1’ taken by investigators in their first 6 months at the agency, and a second intensive training taken in the second year called Basic 2. Investigators make life-long connections between other incoming investigators and their trainers, who are almost all senior career staff members. Integrating the ideas of ***strategic*** enforcement in these sessions was therefore critical, but also evolved over many years given the many other educational aims of those training hours. The infusion of new staff at the WHD arising from both a wave of retirements and the hiring of 300 additional investigators in the early years of the Obama administration expanded the pool of those going through training, deepening exposure to these ideas.22

Investigators want to enforce the law and recover back wages for workers who have not been paid what the law assures. Many investigators I met felt both a moral and legal obligation to do so and distrusted what they perceived as obstacles to undertaking their work. For many years, the agency used efficiency measures such as the number of violations found per investigation hour completed as important performance evaluation metrics. Measures like that make sense if back wage recovery is the fundamental mission of an agency. It is also consistent with a complaint-driven approach where it becomes critical to quickly log in, assign, and then complete investigations so that investigators can quickly move to the next complaint in their ever filling ‘in-box’.

But a ***strategic*** enforcement approach that seeks to improve compliance by changing behavior means that investigators need to be spending their time and focusing on different types of performance outcomes. First and foremost, they needed to spend more time on directed, proactive investigation and less on complaints. That was a hard sell in 2009 (see Figure 1), when the typical directed investigation was far less likely to find violations than a typical complaint investigation.

***Strategic*** enforcement also requires investigators (and colleagues at the District and Regional Offices) to think more deeply about the employers they were investigating, particularly in light of the aims of improving compliance in prioritized and fissured industries. Rather than focusing solely on identifying violations, investigators become more responsible for ferreting out information about the financial, governance, and operational aspects of the company relating to the causes of noncompliance as well as about other organizations that contracted or managed its activities. One new task associated with these activities was ‘mapping’ organizations. Mapping entails gathering and using information about a business to understand its organization as well as its relationships with other entities such as third-party management companies or staffing agencies. Mapping was applied to supply chains, subcontracting systems, hybrid structures involving complex combinations of the third-party managers, subcontractors, and staffing agencies, and for franchise systems in a variety of industries. Through mapping, investigators gained an understanding of what might be required to assure long-term compliance.23

Finally, ***strategic*** enforcement often required an investigator to work as part of a larger team rather than as an individual. In a growing number of cases, investigators needed to coordinate with others in their own District Office, in other District Offices or even in other Regions. Or, it required the investigator to lay out a ***plan*** with the Regional Office of the Solicitor before an investigation, rather than providing information on what they found after the fact.

**Creating mechanisms to coordinate across District Offices within a region and across regions for national issues (one WHD)**

Mapping as a basis of ***strategic*** enforcement is only the first step of coordinating complicated enforcement efforts. It can be difficult enough to undertake ***strategic*** enforcement in one particular geographic area. But when an enterprise or business organization covers multiple District Offices and given states or regions of the country, or even, covers multiple states and regions, the problems of coordination become intense. The agency therefore had to grapple with ***planning*** and coordination of multi-site and multi-region ***strategic*** enforcement efforts. This required levels of engagement and cooperation between parts of the agency that did not have a direct reporting relationship or a level of interaction between the National Office and Regional and District Office personnel that was new in many respects.

The increasing level of coordination around budget and ***planning*** benefited efforts to improve cross-District and Regional coordination. By sharing budget and performance goals, for example, Regional Administrators shared more information about what they were doing and how those efforts were progressing. Still, coordination was often hampered by old structures. The WHD had a history of ***planning*** at the District Office level. That focus often meant that the agency focused its efforts at the level of the business associated with geography. But as one of the senior career ***planning*** analysts remarked to me, ‘businesses don’t organize themselves according to how we are structured’. The agency had created different mechanisms to patch together some level of coordination between District Offices. For example the District Office that was associated with a corporate headquarters was informed – at least in principle – of all investigations pertaining to that company. But that proved only partially effective since reporting often was not associated with a wider ***plan*** for enforcement or strategy for compliance. In some cases, it was not even associated with consistent review of patterns of behavior. And those fixes were never applied to business structures common in the fissured workplace, like third-party management or subcontracting relationships not directly linked to corporate structures.

Instead, the agency had to develop new methods of sharing information, coordinating investigations, consolidating records, and pursuing resolutions. Sometimes, the more informal mechanisms – like monthly conference calls or development of ad hoc data gathering tools – proved effective. Other times, coordination developed through litigation strategy and the active role of the Solicitor’s office. In still other cases, coordination came from relationships that developed through a new type of initiative, such as the franchise-wide agreement with Subway, and interactions that agreement required.

**Creating specific structures to support outreach efforts and integrate them into enforcement approaches**

Developing an outreach capability required developing a new resource within the agency. In 2011, we created a new position, the community outreach resource ***planning*** specialist (CORPS). CORPS were initially hired in a small number of District Offices, providing the agency to figure out how the position could be used to greatest effect. There was uncertainty about both the nature of the roles that CORPS should play and about their relationship to other positions in the organization including to leadership. Some investigators distrusted the new position, seeing it as either an encroachment on their own activities or a questionable use of resources. Early CORPS staff also felt somewhat at sea, having no clear role models to emulate. And, as a prior section discussed, building trust with worker advocates, unions, businesses, and other organizations required time.

Developing a set of guidelines on activities, creating a network of CORPS staff to learn from one another, and sharing examples of how CORPS were being used effectively in ***strategic*** enforcement all proved critical to making the position an important resource for enforcement. CORPS undertook a great deal of training and outreach efforts for all communities. Different staff members focused on different areas depending on their comfort level and prior experience. Although some of the early cohort of CORPS would revert to their former experiences as investigators leading them to look at the potential roles narrowly, another set of early staff used the opportunity provided by a clean slate to develop new ***programs***, relationships, and activities.

At the end of the administration, we had created a handbook outlining key roles, responsibilities, and requirements for CORPS. We also rolled out the first national training of CORPS, which integrated field and national leaders into the curriculum. This came after a written job description was completed and negotiated with the staff union. At the end of the Obama administration, the WHD had hired CORPS in 46 of our 54 District Offices. Equally exciting was the promotion of several CORPS into WHD management positions, demonstrating their integration into the agency.

**Moving from badminton to an ‘early and often’ culture**

Historically, communication between the WHD and the Solicitor of Labor focused predominantely on the most egregious violators and usually commenced after administrative remedies had run their course rather than proactively. Yet many of the approaches to ***strategic*** enforcement required close and ongoing coordination with the Solicitor’s office. Success in this area required fundamental changes to standard operating principles in both the WHD and the Solicitor’s office. In particular, it required overcoming what Patricia Smith, the Solicitor of Labor throughout the Obama administration, called the ‘badminton’ approach to agency relationships. In that approach, WHD investigators would undertake their work and, if litigation was called for, would ‘lob’ the case over the net for the Solicitor’s Office to pursue. The staff of the Solicitor’s Office would in turn evaluate the case and often find key pieces of evidence absent, requiring them to lob the case back to the WHD for further investigation. Back and forth a case would go to the mutual aggravation of both sides, to say nothing of undermining the efficacy and efficiency of the overall effort.

***Strategic*** enforcement required far more integrated relationships between these offices, with a clear ***plan*** for pursuing significant cases in advance. Significant cases were developed in collaboration, with a coherent ***plan*** for collecting information relevant to potential litigation or settlement. In cases involving multiple players in different parts of the country, such as in efforts involving serial violators in the construction industry, teams of Regional Solicitors and WHD investigators created coordinated investigation efforts, allowing them to gather necessary evidence and insuring that the actions of one area would not undermine ***planned*** work in other areas at a later point in time. Creating new operating procedures once again required close attention to training, discussion, and ongoing refinement of organizational procedures, including how and when data was shared. These steps helped to build an ‘early and often’ culture between the WHD and the Solicitors.

**Creating an investigation and agency workforce that looks like the people we sought to protect**

The ***strategic*** enforcement approach required building trust between the agency and workers. One historic obstacle arose from the fact that our agency did not look like the workforce the agency sought to protect. Equally problematic was that few of our investigators could speak directly to workers who often did not have English as their primary language. Gaining the trust necessary for effective enforcement requires developing a workforce that has those capabilities.

The primary mechanism we used to address this issue was using language capability as a selection criteria in choosing future investigators and technicians for our District Offices. Not only did this create a critical capability in our investigation workforce, but it opened our recruiting to a pool of workers who we had not in the past adequately tapped. In addition, the WHD has a culture of promoting from within. The majority of our District Office regional and national office leadership began their work as investigators. This can be a powerful mechanism to build capabilities and a strong organizational culture. But if the incoming level of the organization from which one recruits is not reflective of the community of workers one is to interact with, those differences are reinforced at every level of one's leadership. By changing our hiring protocols, by the end of the administration more than half of our investigators spoke more than one language, giving the agency the ability to communicate in Spanish, Mandarin, Cantonese, Portuguese, Polish, Tagalog, Vietnamese, and many other languages. Because of a high level of retirements and other separations, a significant number of relatively recent investigators were able to assume leadership positions in the organization, further expanding the diversity of the agency leadership.

**Creating a workplace culture of engagement, creativity, and agility where experimentation is encouraged but accountability clear**

Each year, the federal government administers the Federal Employee Viewpoint Survey (FEVS). The FEVS provides a snapshot of how federal workers feel about their job, their treatment at work, their mission, opportunities for advancement and betterment, and other measures of satisfaction. For both the Department of Labor and the WHD, FEVS scores had declined significantly in the first 4 years of the Obama Administration. Secretary of Labor Tom Perez made improving employee engagement a major emphasis for the Department as a whole and set expectations that agency heads would do so as well. This emphasis was welcome because the leadership of the WHD had independently agreed that improving employee satisfaction and engagement was critical to achieving our larger mission.

We devoted significant attention and resources to employee engagement efforts. Using the survey results as a springboard, we created a series of engagement meetings to allow staff in the National Office to discuss the meaning of survey results and to fashion responses to it. We learned a lot in our first year’s efforts. In particular, we learned that a process to address engagement needed to have at its bedrock engaging workers in that very effort. As in other areas of policy, we shared the detailed survey results with managers at all levels of the agency, and also encouraged our leadership to do so with their staff directly. Our engagement efforts were rooted in the agency's mission, and also the basic proposition that our staff feel that their own workplace reflected the principles of respect and fair treatment that the agency sought to enforce in its day-to-day work. By the end of the administration, we had substantially improved our engagement along almost every dimension. One of the most important aspects related to ***strategic*** enforcement was responding to employee concerns that they did not understand how their position in the agency fit into the larger mission. Finding different ways to make that connection was critical because of an equally clear message from the FEVS survey results: the staff of our agency embraced the basic mission of the WHD.

**Why *strategic* enforcement? A final story**

Imagine working for many years as an empolyee of drywall installer in residential construction. One Monday, upon coming to work and performing the same activities for the same company, you are told you are now you an individual ‘member/owner’ of your own LLC (limited liability company), thereby transforming you into an independent contractor. Since you are no longer an employee, you are no longer eligible for overtime pay, unemployment insurance, worker’s compensation or a host of other benefits that come with employee status.

This is the scenario that played out in a case involving Arizona Tract, a major drywall labor contractor operating in the southwest.

A complaint-based, reactive approach might have resulted in the case flying under the radar screen of the WHD. Given the workforce, it would have been unlikely for a worker to step forward to lodge a complaint. Even with that information, the agency might not have connected the dots of the larger organizational scheme behind the misclassification, nor would the agency have the external contacts with state agencies or the ‘early and often’ relationship with the Solicitor's office to build a comprehensive legal approach.

But misclassification of workers was a major priority of ***strategic*** enforcement efforts, and both the southwest and western regions of the WHD had developed experience in finding out about such schemes in part because of close ties with both employers and unions in the local construction industry. Accordingly, the WHD investigation began in southern Utah in conjunction with state labor authorities and the Regional Solicitor. The results of those investigations and larger other efforts to deal with worker misclassification in state led to passage of state legislation in Utah that required LLCs to provide workers’ compensation and unemployment insurance to their ‘members’. Yet as often happens in the ‘cat and mouse’ world of enforcement, to avoid legal jeopardy in Utah, the defendants moved their operations south to Arizona.

***Strategic*** enforcement allowed coordination between district, regional, and National Offices and with the Solicitor to quickly lead the WHD to open an investigation of the ‘new’ company in Arizona. Ultimately, the WHD successfully secured two consent judgments in the federal district court and recovered $1.1 million in back wages and damages for workers. Along with that recovery, the consent agreement required that these workers were properly reclassified as employees, thereby restoring the rightful protections that come along with that status. The investigation and litigation were publicized widely in the region and shared internally to make other parts of the agency aware of both the misclassification scheme and the methods with which it was combatted.24

There will never be sufficient resources to staff agencies to the level needed to assure complete compliance with workplace laws, so there will always be a need for enforcement agencies to use their resources to achieve greatest impact. I believe our experience at the WHD demonstrates how far one can go in making sure that workers’ lives are improved, even given significant limitations on the resources available and under the bright light of oversight. There is much more that can be learned about improving enforcement strategy and its implementation. The challenges faced by men and women subject to violations of fair treatment are reminders of its continuing importance.

**Notes**

1Opportunities to serve in a policy-making position for an agency and over an issue that one has studied intensively are relatively rare in the US and I suspect elsewhere. Following the end of his government service in Washington, DC where he served as, among other roles, US Secretary of Labor, my mentor, John T. Dunlop, wrote a scathing article regarding the chasm between academia and the ‘world of practice’ that was published in the *Industrial and Labor Relations Review* (Dunlop, 1977a). In the essay, Dunlop wrote ‘[A]cademic activities in my experience are almost totally irrelevant to the major problems confronting decision makers in government, and in labor and management as well, and, in fact, they have had almost no influence on actual decisions’ (p. 276). Not surprisingly, it engendered a backlash from a number of articles by prominent labor economists that were subsequently published (Rees et al., 1977) and then, fittingly, a combative response to the responders (Dunlop, 1977b). My appraisal of the role of academic research on policy decisions is not so harsh, although I would observe that there remains significant room for improvement in bridging the divide.; 2There were many, many hands involved in bringing the ideas, strategies, and organizational changes summarized in this article to fruition. Much of what is discussed in this article arose from the collective work of political and career staff inside the WHD and colleagues in the wider US Department of Labor with whom we worked closely.; 3*Wage and Hour Mission Statement*, U.S. Department of Labor: [*www.dol.gov/whd/about/mission/whdmiss.htm*](http://www.dol.gov/whd/about/mission/whdmiss.htm).; 4The WHD also enforces prevailing wage and benefit requirements for government contractors, family medical leave Act requirements, and protections for guest workers as well as several other statutes. Although we applied many of the principles described in the article to these other statutes, the focus here is on the Fair Labor Standards Act.; 5*Wage and Hour Division: Resources for Workers*, U.S. Department of Labor: [*www.dol.gov/whd/workers.htm*](http://www.dol.gov/whd/workers.htm).; 6Our efforts began with a deep dive into understanding how the longstanding system operated, and how it fit into the modern workplace. The result was a six chapter report released in 2010, *Improving Workplace Conditions Through* ***Strategic*** *Enforcement* (Weil, 2010; available at [*www.fissuredworkplace.net/assets/D.Weil.Improving-Compliance-via-****Strategic****-Enforcement.WHD.2014.pdf*](http://www.fissuredworkplace.net/assets/D.Weil.Improving-Compliance-via-Strategic-Enforcement.WHD.2014.pdf)) that became the blueprint for many of the changes undertaken by the agency over the subsequent 6 years. The ‘Green Book’ (so named because of its cover) was both a fact base documenting how the agency had traditionally operated and a detailed discussion of how it could change going forward.; 7Specifically, we looked at the incidence of wages reported in the Current Populations Survey conducted by the Census Department that were below either the federal or state minimum wage for workers covered by the Fair Labor Standards Act to calculate the incidence of minimum wage violations. We used a combination of household survey answers related to reported weekly hours combined with reported payment for overtime hours during the reporting week to calculate overtime violation incidence. We used comparable data to estimate the potential back wages owed for those workers. Although there were a number of assumptions we needed to make to use these estimates, we were primarily concerned about the relative ranking of industries using these measures rather than the absolute levels that made the approach useful for purposes of setting priorities.; 8Here, we divided the total number of complaints per industry by the estimated number of workers covered by the law in those industries to generate an estimate of the likelihood of complaint. Once again, our primary interest was the relative complaint rates across industries rather than the absolute levels arising from this approach.; 9The basic list was laid out in the ‘Green Book’ (Weil, 2010: 2) and refined over time. Regions were allowed to add industries not on the list as part of their annual ***plan***, but had to justify such additions. For example, several regions added fracking given the presence of fissured workplace structures and systemic problems across companies in that industry, even though relative wages in the industry were somewhat higher than the priority industries.; 10One of the more internally controversial findings of my 2010 analysis of past agency practice was that between 1998 and 2008 the WHD assessed civil monetary penalties in only about 43% of re-investigations with repeat FLSA violations – even though the agency had the clear authority to levy them in all of those instances.; 11Unlike other departments of the federal government, the Labor Department relies on the Office of the Solicitor to provide legal service to all agencies. Although the department will also work with the Department of Justice on cases involving criminal activities under laws not directly administered by Labor, or where court decisions are appealed, it provides legal assistance in most instances involving litigation.; 12We applied the research of another academic at the Labor Department, John Lund, to this problem. Before joining the Obama administration, Lund had led the University of Wisconsin’s Worker Education ***program*** and developed an expertise in time studies. He developed a comprehensive training ***program*** for the WHD investigators to apply these techniques to these industries.; 13Representatives of the business community often accuse enforcement agencies of overusing enforcement and underutilizing outreach and education since ‘most employers follow the law’. Worker advocates, on the other hand, often regard all outreach as window-dressing that has little impact on employer behavior, under the assumption that most employers will violate the law if allowed to do so. Both views oversimplify the complexity underlying compliance.; 14The second problem of opinion letters was their use by some employers as a ‘get out of jail free’ card that could be ***produced*** as a shield from future accountability (valid or not). The Trump administration removed several of the most important AIs issued during my time at the WHD and reinstituted the issuing of opinion letters.; 15Both AIs can be found at [*www.fissuredworkplace.net/Labor-Department.php*](http://www.fissuredworkplace.net/Labor-Department.php).; 16Reported forms of retaliation varied from reduction in hours or pay or being given a less desirable work assignment, to threats of being fired or reported to immigration authorities, to actually being fired or suspended (Bernhardt et al., 2009).; 17The role of unions and other workplace advocates was an early area of my research interest beginning with my dissertation that analyzed the impact of unions on enforcement under the Occupational Safety and Health Act and the Mine Health and Safety Act. See, for example, Weil (1991, 1992, 1999, 2005b) for early studies and Weil (2012) for a summary of evidence. Fine has undertaken a great deal of research in this area (e.g. Fine, 2017; Fine and Gordon, 2010).; 18See WHD, ‘Super Maid Ordered to Pay $184,505 in Back Wages, Damages to 55 Misclassified Employees Following US Department of Labor Lawsuit’. US Department of Labor New Release, 14-1338-CHI, 8 May 2014: [*www.dol.gov/opa/media/press/whd/WHD20141338.htm*](http://www.dol.gov/opa/media/press/whd/WHD20141338.htm).; 19‘US Department of Labor, CalVans to Partner to Expand Safe Farmworker Transportation ***Plan*** at Fresno Event’. 9 August 2016: [*www.dol.gov/newsroom/releases/whd/whd20160808*](http://www.dol.gov/newsroom/releases/whd/whd20160808).; 20The Subway agreement can be found at: [*www.dol.gov/WHD/flsa/SubwayAgreement.pdf*](http://www.dol.gov/WHD/flsa/SubwayAgreement.pdf). A discussion of the agreement can be found at: [*www.bna.com/subway-dol-compliance-n73014445701*](http://www.bna.com/subway-dol-compliance-n73014445701)/; 21Although these measures proved important in helping move the WHD toward its ***strategic*** enforcement goals through much of the administration, I regarded them as works in progress. They did not adequately capture ripple effects, for example, in that they only focused on those workplaces where we had undertaken direct investigations. We discussed the development of tools that might look at compliance patterns in geographic and industry areas. These types of measures would have been better suited to picking up broader affects related to outreach, education, partnerships, and deterrence efforts.; 22The last trip I made before the end of the administration was to attend the graduation of about 75 new investigators who had received their first training in ***strategic*** enforcement. It was exhilarating to see a new generation of investigators with a grounding in the approach.; 23In my final year at the WHD, we introduced mapping as part of a revised job description negotiated with the staff union for investigators. The process of drafting the revised job description and equipping both managers and investigators to be able to assess performance in that (and other) dimensions of ***strategic*** enforcement led to useful discussions throughout the agency. I attended meetings in all five regions to participate in these discussions and underscore the agency’s commitment to ***strategic*** enforcement principles.; 24*News Release: Investigation in Utah and Arizona Secures Wages and Benefits for More Than 1,000 Construction Workers Who Were Wrongly Classified*, US Department of Labor, 23 April 2015: [*www.dol.gov/opa/media/press/whd/WHD20150518.htm*](http://www.dol.gov/opa/media/press/whd/WHD20150518.htm). A related case involving Paul Johnson Drywall, a company that similarly converted the status of its workforce in conjunction with Arizona Track is described at: [*www.dol.gov/newsroom/releases/whd/whd20140827*](http://www.dol.gov/newsroom/releases/whd/whd20140827).

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[***-Itronics Reports 2017 First Half Revenue Increase of 28 Percent; Operations, Expansion and Diversification Updated***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PF4-D591-F0K1-N1M9-00000-00&context=1516831)

ENP Newswire

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**Body**

RENO, Nevada - Itronics Inc. (OTC:ITRO) a diversified ***producer*** of GOLD'n GRO zinc fertilizers and silver products and a green technology development Company, today announced sales results and summarized its operations and diversification progress for the second quarter and first half ending June 30, 2017.

Total second quarter sales increased 35 percent with a 35 percent increase in fertilizer sales and a 71 percent increase in silver sales. Total first half sales increased 28 percent with a 28 percent increase in fertilizer sales and a 955 percent increase in silver sales.

Total Revenues for the three months ended June 30, 2017 were $ 807,812 compared to $ 596,351 in the same period in 2016. Total Revenues for the six months ended June 30, 2017 were $ 1,245,626 compared to $ 971,476 in the same period in 2016.

A second bullion shipment was made early in the third quarter and the Company also made its first shipment of silver-copper bearing glass. Shipment of the glass completes proof of concept for the breakthrough e-scrap (personal computer circuit boards) refining process and validates that the e-scrap can be completely converted to saleable products, thereby eliminating it from the environment. Itronics has now proven a second 'zero waste' technology and is expanding non-seasonal silver product sales.

In the first half of 2017 the prices of copper, zinc, silver, gold, and palladium have increased sharply, in some cases to multi-year highs. Many forecasters are predicting that gold and silver prices will significantly increase from current levels. The Company is now ***producing*** silver bullion that contains silver, gold, palladium, copper and tin and expects to benefit significantly as production expands and these metal prices continue to increase.

Itronics is aggressively advancing development of its sustainability maximizing portfolio of new 'Zero Waste' technologies whose objective is to create new non-seasonal lines of business using the Company's core technologies. The Company's ***plan*** is to operate these technologies and to expand the scale of operations as funding and market conditions permit. The current focus of the hydromet and pyromet refining technology extensions is on pilot scale development of refining e-scrap that contains recoverable silver, gold, and palladium and recoverable base metals including copper and tin, while at the same time recovering iron and sulfur for use as raw materials for manufacturing GOLD'n GRO micronutrient zinc fertilizers.

The field development of the KAM-Thio cyanide neutralization and precious metal leaching technology had been on hold pending further development of the new hydromet and pyromet and e-scrap refining technologies. Early in the third quarter 2017, the Company began investigating opportunities to field test the KAM-Thio technology at one Nevada silver-gold mine. The Company's ***plan*** is to introduce and operate the KAM-Thio technology through joint ventures with mining companies that have suitable silver/gold deposits and leached mine tailings that need remediation.

Operational Developments

The Company is using its vision and creative ability to diversify and further integrate its operations by developing a portfolio of core 'zero waste' technology extensions to establish year-round non-seasonal sales in new markets and to ***produce*** internally generated raw materials for use in the GOLD'n GRO fertilizers. The focus of these technology extensions is on processing materials that contain silver and other precious metals, and zinc with other base metals.

GOLD'n GRO fertilizers: The Company has identified a potential new environmental benefit that may be obtained by using GOLD'n GRO fertilizers. Based on experience, the Company has observed that the non-nutrient metals cadmium, lead, and mercury are not soluble in the GOLD'n GRO fertilizers. Vegetable growers have a need to minimize uptake of cadmium from the soil by vegetable crops.

The Company's distributor performed field tests in 2016 that demonstrated that two of the GOLD'n GRO fertilizers, when applied together, are able to reduce cadmium uptake from high cadmium content soil by broccoli and romaine lettuce to a level of 'no detect' in harvestable plants. In 2017 the Company is providing support for field testing on spinach to further develop this new technology.

In May the Company placed one of its consumer fertilizers, GOLD'n GRO 6-3-9+4% Sulfur, for retail sales through Buy Nevada First Gift Shop, located at 4001 S. Virginia St., Reno. The fertilizer is a plant food for use on house plants and garden plants and has been generating on-going sales. Due to the enthusiastic customer response to this fertilizer, the Company added a lawn fertilizer, GOLD'n GRO 20-1-7+3% Sulfur, to this retail offering in early August. This fertilizer is for lawns and can be used for fertilization in September and October to prepare the lawns for winter. The Company started this retail ***program*** in response to many northern Nevada customer requests.

Silver Production: The Company has completed a second refining campaign which includes incorporating ground up personal computer circuit board scrap (e-waste) to provide quantitative data that is being used to evaluate the feasibility of refining e-scrap to recover its silver, gold, palladium, copper, and tin content. This work is on-going and is now ***producing*** silver bullion, and silver-bearing glass. This production is non-seasonal and will stabilize Itronics' sales as production expands.

The FeLix, SuLix leaching technology pilot operation five times scale up is now completed and is fully operational for use for batch leaching. It is being used as a pilot-scale batch operation to leach iron and sulfur from the low grade silver concentrate ***produced*** by the Company in its photoliquid de-silvering operation. The recovery of iron and sulfur are separate processes. The residue that remains after the two leaching steps is a high grade silver concentrate which is delivered to the silver refinery for use in e-scrap refining.

E-scrap processing feasibility study: In the second quarter 2015 Itronics announced that it had started a feasibility study to determine whether e-scrap (personal computer circuit boards) processing can be integrated into the new refining operation. Significant progress is being made and minimum quantities needed for economic viability have been identified and are now being tested in the refining process.

The Company is gathering quantitative processing information to determine the operating parameters needed to expand the operation to recover commercially meaningful amounts of copper, silver, gold, palladium, and tin from e-scrap. The Company's ***strategic*** joint venture with Disability Resources New2U Computers is providing a reliable supply of circuit boards that have been stripped to the Company's specifications for processing.

Research into availability of e-scrap in northern Nevada has identified a large enough supply of circuit boards (e-scrap) to support a 100 times increase in the Company's pilot scale e-scrap refining operation. The Company has now begun ***planning*** to expand the pilot operation in stages to increase the capacity of the operation by at least 100 times.

In 2017 the Company began Phase III of this study which is to operate the refining process on a pilot scale. The objective of Phase III is to optimize the new refining process and to develop enough operational knowledge so that a ***plan*** for expansion to commercial scale operation can be developed. The Company has entered into an agreement for sales of its silver bullion, and a separate agreement for sales of its silver-copper bearing glass. With these agreements in place, the financial sales terms are known and sales can be increased as production expands.

KAM-Thio Process Development: The KAM-Thio technology is being developed by using one of the already proven and field tested GOLD'n GRO fertilizers. Development of this technology is expected to add non-seasonal chemical sales to the silver/gold mining industry, and possibly for use in other industries for cyanide neutralization. As KAM-Thio is developed, it will become a non-seasonal component to expanding GOLD'n GRO fertilizer sales.

Laboratory tests conducted by the Company have demonstrated that KAM-Thio has the ability to leach silver from the silver bearing glass slag generated by the Company's silver refinery. The tests have also demonstrated that KAM-Thio liquid is stable in the leaching application. Independent laboratory tests have demonstrated that KAM-Thio is able to neutralize the cyanide contained in spent cyanide solution generated by gold-silver leaching.

The amount of KAM-Thio required to neutralize cyanide is in a range appropriate for leaching gold and silver from ore. The next step for KAM-Thio technology development is to conduct a series of tests on silver-gold ore samples to measure the silver-gold leaching capabilities of KAM-Thio. The Company began this evaluation early in the third quarter using samples provided by a Nevada based silver-gold mining company. The bulk of the analytical work needed to measure silver and gold in all test samples is being performed by an independent laboratory.

Zinc Flue Dust Process Development: An Itronics' press release dated March 17, 2015 announced a technical breakthrough by successfully testing electrowinning as a process to recover metallic zinc powder from zinc enriched liquids that are ***produced*** by leaching zinc oxide from zinc bearing flue dust. The innovative zinc recycling technology Itronics is developing is expected to eliminate the waste completely by converting all components to saleable goods (a new 'Zero Waste Technology). The process being developed may use up to 40 percent less electrical energy compared to conventional zinc refining. The potential energy savings would be a strong economic driver for the project. This work was put on hold in the second half of 2015 while higher priority projects are being completed.

The zinc price has recently been at a multi-year high and is expected to stay in the range of its current price or trend higher. This increase in zinc price makes development of the zinc flue dust recovery technology more desirable to the Company due to cost savings that could be achieved by using recovered zinc to replace primary zinc that is currently purchased for manufacture of the GOLD'n GRO zinc micronutrient fertilizers which are a significant percentage of total GOLD'n GRO fertilizer sales.

The Company's smaller leach reactor system is now available to be used for the necessary pilot scale leaching test work that must be completed to perfect the new process. A time table to proceed with this work has not yet been established, but sustained higher zinc prices will provide an economic incentive to activate this project. The Company has reached agreement with a zinc flue dust ***producer*** who will supply material for testing once a decision is made to proceed with this development project.

Battery Recycling Evaluation: The Company is studying the potential use of the electricity generating contents of silver batteries and 'non-rechargeable' alkaline batteries as a source of raw material for use in manufacturing the GOLD'n GRO fertilizers and for silver production. Once the Company has completed the testing and start-up of e-scrap refining, it will evaluate processing of silver oxide batteries which have to be crushed or ground up prior to introduction into the refining furnace. Processing silver oxide batteries would increase the silver feed to the refinery for use in refining e-scrap and would be non-seasonal.

Alkaline batteries contain potassium, zinc, and manganese. The potassium and zinc are recoverable using Itronics' leaching technology and are raw materials needed for manufacturing GOLD'n GRO fertilizers. The manganese remains in the solid residue from leaching. The Company has begun laboratory evaluation to develop leaching technology to solubilize manganese. The work has ***produced*** some positive results. The lab work is currently on hold due to higher priority work that needs to be completed to support on-going pilot scale operations.

Auric Fulstone Project: An Itronics press release dated January 20, 2015 announced that its subsidiary Whitney & Whitney, Inc. has identified surface high grade zinc-lead-silver mineralization at its Auric Gold & Minerals Fulstone copper-gold exploration project. Within the Auric Fulstone project area, the Company has discovered surface high grade zinc, lead, and silver mineralization that contain anomalous molybdenum in a large area that is geochemically anomalous for zinc. It has also discovered high grade copper mineralization that contains anomalous gold and molybdenum in a separate area that is anomalous for copper. Discovery of the potential for significant zinc, lead, silver, and molybdenum mineralization increases the economic attractiveness of the project by adding potentially significant near surface zinc, lead, silver, and molybdenum values to the over-all copper and gold values that are expected to be identified as the project is explored.

At the end of 2016 Auric Gold & Minerals received an advance from a project partner for the purpose of staking up to 28 additional lode claims to expand the claim coverage of the high grade zinc anomaly that has been identified in the Fulstone Project Area. The claims were staked in the first quarter 2017. In the second quarter an update of the Fulstone project technical report was started and was completed early in the third quarter.

The Company is continuing to evaluate options for developing this project and is discussing joint venture development with potentially interested parties. Copper, zinc, and silver are all at multi-year highs which are stimulating investor interest in getting development of this project funded and launched.

About Itronics

Headquartered in Reno, Nevada, Itronics Inc. is a 'Creative Green Technology' Company which ***produces*** GOLD'n GRO specialty liquid fertilizers, silver bullion, and silver-bearing glass. The Company's goal is to achieve profitable green technology driven organic growth in specialty GOLD'n GRO fertilizers, silver, zinc, and minerals. The Company's technologies maximize the recovery and uses of metals and minerals and by doing this maximize sustainability.

Through its subsidiary, Itronics Metallurgical, Inc., Itronics is the only company with a fully permitted 'Beneficial Use Photochemical, Silver, and Water Recycling' plant in the United States that converts 100 percent of the spent photoliquids into GOLD'n GRO liquid fertilizers, silver bullion, and silver bearing glass. This is internationally recognized award winning 'Zero Waste' Technology. The Company is developing a portfolio of environmentally beneficial 'Zero waste' processing and mining technologies. Itronics has received numerous domestic and international awards that recognize its ability to successfully use chemical science and engineering to create and implement new environmentally green recycling and fertilizer technologies.

The Company's environmentally friendly award winning GOLD'n GRO liquid fertilizers, which are extensively used in ***agriculture***, can be used for lawns and houseplants, and are available at the Company's 'e-store' on Amazon.Com at:

Due to expanded retail customer interest, GOLD'n GRO fertilizer may now be purchased in Reno, Nevada at 'Buy Nevada First Gift Shop', 4001 S. Virginia St.

('Safe Harbor' Statement under the Private Securities Litigation Reform Act of 1995: This press release contains or may contain forward-looking statements such as statements regarding the Company's growth and profitability, growth strategy, liquidity and access to public markets, operating expense reduction, and trends in the industry in which the Company operates. The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update these forward-looking statements to reflect actual results, changes in risks, uncertainties or assumptions underlying or affecting such statements, or for prospective events that may have a retroactive effect.)

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[***FEDERAL REGISTER: Statement of Organization, Functions, and Delegations of Authority Pages 6179 - 6185 [FR DOC # 2018-02821]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61Y1-F0YC-N0KP-00000-00&context=1516831)

Impact News Service

February 14, 2018 Wednesday

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**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF HEALTH AND HUMAN SERVICES Centers for Disease Control and Prevention Statement of Organization, Functions, and Delegations of Authority Part C (Centers for Disease Control and Prevention) of the Statement of Organization, Functions, and Delegations of Authority of the Department of Health and Human Services (45 FR 67772-76, dated October 14, 1980, and corrected at 45 FR 69296, October 20, 1980, as amended most recently at 81 FR 84583-84591, dated November 23, 2016) is amended to reflect the reorganization of the National Center for Environmental Health, Office of Noncommunicable Diseases, Injury and Environmental Health, Centers for Disease Control and Prevention. Section C-B, Organization and Functions, is hereby amended as follows: Delete in its entirety the titles and mission and function statements for the National Center for Environmental Health (CUG) and insert the following: National Center for Environmental Health (CUG). ***Plans***, directs, and coordinates a national ***program*** to maintain and improve the health of the American people by promoting a healthy environment and by preventing premature death and avoidable illness and disability caused by non infectious, non occupational environmental and related factors. In carrying out this mission, the Center: (1) Assists in increasing the capacity of States to prevent and control environmental public health problems through training, technology transfer, grants, cooperative agreements, contracts, and other means; (2) provides services, advice, technical assistance, and information to State and local public health officials, other Federal agencies, academic, professional, international, and private organizations, and the general public; (3) ***plans*** for and provides emergency response assistance to States, localities, other Federal agencies, and international organizations; (4) identifies, designs, develops, implements, influences, and evaluates ***interventions*** to reduce or eliminate environmental hazards, exposures to these hazards, and adverse health outcomes resulting from exposure to these hazards; (5) measures, estimates, and predicts the incidence of adverse health outcomes through surveillance, surveys, and registries; (6) measures, estimates, and predicts the incidence of exposure to substances, conditions, or forces in the environment through surveillance, surveys, and registries; (7) describes and evaluates associations between environmental exposures and adverse health outcomes by using information from surveillance systems, surveys, registries, epidemiologic and laboratory studies, and by developing and maintaining a broad base of normative and diagnostic laboratory data; (8) develops and validates advanced laboratory technology for diagnosing selected chronic diseases and for assessing exposure and health effects in persons exposed or potentially exposed to environmental toxicants or other environmental agents; (9) develops and validates new epidemiologic techniques for use in study of the effects of exposure to environmental hazards; (10) provides leadership in coordinating efforts in States and in national and international organizations concerned with standardizing selected laboratory measurement systems; (11) conducts special ***programs***, e.g , coordination and review of Environmental Impact Statements; and (12) in carrying out the above functions, collaborates, as appropriate, with other Centers/ Institute/Offices of CDC.

Office of the Director (CUG1). (1) Manages, directs, coordinates, and evaluates all health-related ***programs*** of National Center for Environmental Health and Agency for Toxic Substances and Disease Registry (NCEH & ATSDR); (2) provides overall leadership in health- related activities for hazardous substances, hazardous waste sites and chemical releases; (3) provides overall coordination for the research ***programs*** and science policies of the agencies; (4) develops goals and objectives and provides leadership, policy formulation, scientific oversight, and guidance in ***program*** ***planning*** and development; (5) provides overall programmatic direction for ***planning*** and management oversight of allocated resources, human resource management and administrative support; (6) provides information, publication and distribution services to NCEH & ATSDR; (7) maintains liaison with other Federal, State, and local agencies, institutions, and organizations; (8) coordinates NCEH & ATSDR ***program*** activities with other CDC components, other Federal, State and local Government agencies, the private sector, and other nations; and (9) directs and coordinates activities in support of the Department's Equal Employment Opportunity ***program*** and employee development. Office of Communication (CUG12). (1) Serves as the principal advisor to the center director and divisions on communication and marketing science, research, practice, and public affairs; (2) leads center ***strategic*** ***planning*** for communication and marketing science and public affairs ***programs*** and projects; (3) analyzes context, situation, and environment to inform center-wide communication and marketing ***programs*** and projects; (4) ensures use of scientifically sound research for marketing and communication ***programs*** and projects; (5) ensures accurate, accessible, timely, and effective translation of science for use by multiple audiences; (6) leads identification and implementation of information dissemination channels; (7) provides communication and marketing project management expertise; (8) collaborates with external organizations and the news, public service, and entertainment and other media to ensure that scientific findings and their implications for public health reach the intended audiences; (9) collaborates closely with divisions to ***produce*** materials tailored to meet the requirements of news and other media channels, including press releases, letters to the editor, public service announcements, television ***programming***, video news releases, and other electronic and printed materials; (10) coordinates the development and maintenance of accessible public information through the internet, social media and other applicable channels; (11) provides training and technical assistance in the areas of health communication, risk communication, social marketing, and public affairs; (12) [[Page 6180]] manages or coordinates communication services such as internet/ Intranet, application development, social media, video production, graphics, photography, CDC name/logo use and other brand management; (13) provides editorial services, including writing, editing, and technical editing; (14) facilitates internal communication to center staff and allied audiences; (15) supervises and manages Office of Communications activities, ***programs***, and staff; (16) serves as liaison to internal and external groups to advance the center's mission; (17) collaborates with the CDC Office of the Associate Director for Communication on media relations, electronic communication, health media production, and brand management activities; (18) collaborates with the Office of Public Health Preparedness and Response and other NCEH & ATSDR entities to fulfill communication responsibilities in emergency response situations; (19) collaborates with other CDC Centers/Institute/Offices in the development of marketing communications targeted to populations that would benefit from a cross- functional approach; and (20) ensures NCEH & ATSDR materials meet CDC and Department of Health and Human Services standards. Office of Policy, Partnerships and ***Planning*** (CUG13). (1) Coordinates, develops, recommends and implements ***strategic*** ***planning*** and tracking for NCEH & ATSDR; (2) develops and coordinates performance management to ensure achievement of goals in NCEH & ATSDR ***programs***; (3) participates in reviewing, coordinating, and preparing legislation, briefing documents, Congressional testimony, and other legislative matters; (4) maintains liaison and coordinates with other Federal agencies for ***program*** ***planning*** and performance; (5) assists in the development of NCEH & ATSDR budget and ***program*** initiatives; (6) provides liaison with staff offices and other officials of CDC; (7) monitors and prepares reports on health-related activities to comply with provisions of relevant legislation; (8) coordinates the development, review, and approval of Federal regulations, Federal Register announcements, Freedom Of Information Act requests, GAO and IG reports, and related activities; (9) develops and strengthens ***strategic*** partnerships with key constituent groups; and (10) facilitates communication between NCEH & ATSDR and its partners. Office of Management and Analytics (CUG14). (1) ***Plans***, manages, directs, and conducts the administrative and financial management operations of NCEH & ATSDR; (2) reviews the effectiveness and efficiency of administration and operation of all NCEH & ATSDR ***programs***; (3) develops and directs systems for human resource management, financial services, procurement requisitioning, and travel authorization; (4) provides and coordinates services for the extramural award activities of NCEH & ATSDR; (5) formulates and provides overall programmatic direction for ***planning*** and management oversight of allocated resources, human resource management and administrative support; (6) develops and directs a system for cost recovery; (7) enables and supports NCEH & ATSDR data management, systems development, and information security needs; (8) directs and coordinates activities in support of the Department's Equal Employment Opportunity ***program*** and employee development; (9) coordinates employee training ***programs***; (10) develops and directs employee engagement ***programs***; (11) analyzes NCEH & ATSDR workforce, systems, and resources; and (12) manages and conducts a record management ***program*** for NCEH & ATSDR in accordance with Congressional mandate. Office of Science (CUG15). (1) Ensures NCEH & ATSDR compliance with the various statutes, regulations, and policies governing the conduct of science by the federal government, including: Human subjects research determinations, the protection of human research subjects and the use of Institutional Review Boards (IRBs), the OMB Paperwork Reduction Act (relating to the collection of information from ten or more people in a 12-month period), the OMB Information Quality Bulletin, Confidentiality Protection, and the Health Insurance Portability and Accountability Act of 1996 (HIPAA, and its ``Privacy Rule''); and others; (2) develops and maintains the NCEH & ATSDR Clearance Policy and managing and conducting clearance for NCEH & ATSDR documents; (3) coordinates and manages document cross-clearance between NCEH & ATSDR and other parts of CDC; facilitating center reviews of external documents, coordinating and managing information quality requests concerning NCEH & ATSDR documents; (4) coordinates and manages external peer review for NCEH & ATSDR documents and intramural ***programs***; (5) coordinates and manages the activities of the NCEH & ATSDR Board of Scientific Counselors (a Federal Advisory Committee) and its subcommittees and workgroups; (6) coordinates interagency workgroups/committees such as the President's Task Force on Environmental Health Risks and Safety Risks to Children, and the National Toxicology ***Program*** Executive Committee; (7) coordinates and manages NCEH & ATSDR involvement in the Epidemic Intelligence Service ***Program***; (8) coordinates NCEH & ATSDR involvement in CDC public health ethics activities; (9) coordinates NCEH & ATSDR involvement in CDC science awards activities (e.g , the Shepard Award, and CDC/ATSDR Honor Awards); (10) organizes and sponsors select training opportunities (e.g , Human Subjects/IRB, OMB/PRA, and eClearance Training for Authors and Reviewers); (11) represents NCEH & ATSDR on various CDC/ATSDR committees, work groups, and task forces, such as the CDC/ATSDR Office of the Chief Science Officer's Excellence in Science Committee, and the CDC Surveillance Science Advisory Group; (12) coordinates NCEH & ATSDR global health activities; (13) coordinates and manages the NCEH & ATSDR Healthy People 2020; (14) prepares an annual inventory of NCEH & ATSDR publications; and (15) pursuant to the National Environmental Policy Act, reviews draft Environmental Impact Statements on behalf of HHS where the proposed federal actions impact human health. Division of Laboratory Sciences (CUGD). (1) Provides advanced laboratory science to improve the detection, diagnosis, treatment, and prevention of environmental, tobacco-related, nutritional, newborn, selected chronic and selected infectious diseases; (2) provides advanced laboratory science to rapidly and accurately detect chemical threat agents, radiologic threat agents, and selected toxins; (3) develops, maintains, and applies unique, rapid, and high-quality measurement techniques to assess disease risk, identify harmful environmental exposures or nutrition deficiencies among Americans, and respond to public health emergencies (4) provides laboratory measurements in collaborative studies of human disease and vulnerable populations; (5) provides technical assistance, technology transfer, reference laboratory measurements, laboratory standardization ***programs***, and external quality assurance to state and local public health laboratories and health officials; Federal agencies; international organizations; academic, international, and private laboratories; and professional organizations to continuously improve the accuracy, precision, and cost effectiveness of [[Page 6181]] laboratory tests for environmental chemicals, nutrition indicators, heart disease, stroke and newborn screening; and (6) collaborates with other CDC organizations; Federal, State, and local agencies; and private and professional organizations to investigate new or emerging health concerns. Inorganic and Radiation Analytical Toxicology Branch (CUGDC). (1) Develops, maintains, and distributes, as appropriate, analytical methods to measure trace essential and toxic elements in human specimens; (2) applies analytical methods to assess human exposure to chemicals, including surveillance of levels in the population, epidemiologic studies, and emergency-response investigations; (3) provides training, guidance, and assistance to state and local governments, and domestic and international laboratories in the development, maintenance, and technology transfer of analytical capability for measuring trace-essential and toxic elements in specimens from people and animals; (4) develops and maintains analytical capability and expertise, and distributes, as appropriate, standards, reference materials, and protocols for measuring chemicals in response to both terrorist and non-terrorist events; (5) distributes, as appropriate, standards, reference materials, and protocols to assist state, international, and other laboratories in transferring laboratory technology for urine iodine biomonitoring, blood metals biomonitoring, and radiologic analyses; and (6) provides technical assistance and guidance to governmental agencies, academia, and professional societies regarding quality control issues related to biomonitoring for inorganic and radiologic chemicals. Clinical Chemistry Branch (CUGDD). (1) Develops and maintains analytical methods and expertise in the measurement, interpretation and standardization of chronic disease biomarkers, chemicals known to cause disease or health concerns, and biological toxins; (2) develops, establishes and maintains laboratory standardization and improvement ***programs*** to assist state, national and international agencies and organizations to better diagnose, treat and prevent selected chronic diseases and infectious diseases; (3) applies these analytical methods and standardization procedures to: Assess chronic disease status or human exposure to environmental chemicals, toxins, and pathogens; standardize disease biomarker measurements; and improve the safety and quality of biological preparations; (4) provides laboratory science to diagnose diseases caused by selected viral and bacterial organisms, and assess the effectiveness of disease treatment and prevention efforts; and (5) provides review, expert consultation, technical assistance, training, guidance and/or original scientific publications and information to federal, state, local and international investigations, surveys, studies, and/or government inquiries on topics related to human exposure assessment, standards development, analytical instrumentation as well as prevalence, risk factors, and treatment of chronic diseases, exposure to environmental chemicals, influenza, toxins and human pathogens. Organic Analytical Toxicology Branch (CUGDE). (1) Develops and maintains analytical methods to measure selected synthetic and naturally occurring organic chemicals, their metabolites, and reaction products (adducts) in human specimens; (2) applies these analytical methods to assess human exposures to these chemicals for many purposes, including surveillance of levels in the population, epidemiological studies, and emergency response investigations; (3) aids in transferring these methods within Division laboratories and to state, local and other public health laboratories; (4) develops and prepares various matrix-based quality control materials for use in such analyses; and (5) provides review, expert consultation, and original scientific publications/information to Federal, state, local, and international governments and health organizations on topics related to human exposure assessment, organic analytical methodology, high technology analytical instrumentation, preparation and analysis of biological specimens, quality control procedures, laboratory safety, and medical interpretation of laboratory findings. Newborn Screening and Molecular Biology Branch (CUGDG). (1) Provides leadership, technical consultation and assistance in laboratory testing for newborn screening, genetic and other diseases of public health importance to State Public Health laboratories, Federal agencies, academic centers, professional organizations, international laboratories, and manufacturers of diagnostic products involved in performing relevant laboratory measurements; (2) provides leadership, oversight and administration of the dried-blood spot (DBS) quality assurance ***program*** that is necessary for both domestic and international laboratories that screen for newborn disorders including metabolic conditions as well as inherited genetic and other select treatable adverse conditions in newborns; (3) develops, evaluates, standardizes, and maintains laboratory methods for biochemical and genetic assays for diseases of public health significance, immune disorders, DBS assays utilized by newborn screening ***programs*** worldwide; and (4) evaluates and refines existing and emerging laboratory technologies for measurement and study of biomarkers for clinical applications and population-based screening for diseases and genetic risk factors of public health importance. Emergency Response Branch (CUGDH). (1) Develops and maintains analytical methods to measure, in human specimens, toxic substances that are known or potential agents for use in chemical terrorism; (2) applies these measurements in response to chemical terrorism or chemical exposure emergencies and, as part of a coordinated Federal response, deploys a rapid response laboratory team to assist in obtaining human specimens for analysis; (3) transfers technology, provides training, and provides technical assistance for measurement of chemical agents in human specimens to a network of laboratories that provide additional capacity for responding to chemical terrorism; (4) provides review and expert consultation to Federal, state, local and international governments and health organizations on assessing and interpreting biomonitoring measurements of chemical agents likely to be used in terrorism; and (5) for toxic substances of public health concern but unlikely to be involved in chemical terrorism, transfers biomonitoring technology (including analytical methods), provides biomonitoring training, and provides technical assistance in biomonitoring to state laboratories. Nutritional Biomarkers Branch (CUGDJ). (1) Develops and maintains analytical methods and expertise in the measuring and interpreting of physiologic levels of essential nutrients, nonessential nutrients, and relevant metabolites; (2) develops and maintains analytical methods to measure bioactive dietary compounds, other than those needed to meet basic human nutritional needs, that are responsible for changes in health status; (3) applies analytical methods to assess human nutritional status or exposure to bioactive dietary compounds for purposes including surveillance of levels in the population, epidemiological studies, ***intervention*** trails, and emergency-response investigations; (4) provides technical assistance, training, and guidance to national, state, international, and local investigations, surveys, food fortification and clinical studies of [[Page 6182]] nutritional status, prevalence, risk factors, and treatment of chronic diseases; and (5) develops, maintains, and distributes, as appropriate, standards, reference materials, protocols, standardization ***programs***, and external quality assessment ***programs*** to assist state, international, and other laboratories in transferring laboratory technology and in establishing and maintaining quality control and calibration of methods for nutritional biomarkers and markers of physiologic changes. Tobacco and Volatiles Branch (CUGDK). (1) Develops, maintains, and applies analytical methods to measure biomarkers of exposure to toxic substances and applies these analytical methods to assess human exposures to volatile organic compounds for many purposes; (2) develops and maintains analytical methods and measures addictive and toxic substances in tobacco products, in tobacco smoke and in the blood, urine and saliva of smokers and persons exposed to tobacco smoke; (3) determines how different tobacco additives and changes in product construction and design affect delivery of addictive and toxic substances from tobacco products to people; (4) for the U.S population, regularly measures the percent of persons who are smokers and the exposure of Americans to the major toxic constituents of tobacco smoke; (5) for the U.S population, regularly measures the exposure of Americans to secondhand smoke; and (6) collaborates in human studies of disease risk associated with direct and secondhand tobacco smoke exposure and use of other tobacco products. Division of Environmental Health Science and Practice (CUGE). (1) Provides national and international leadership for the coordination, delivery, and evaluation of environmental health ***interventions*** and services; (2) advances environmental public health practice to better serve and protect the health of all people in the United States; (3) develops methods and conducts activities to assess risk to human populations from exposure to environmental hazards; (4) conducts and disseminates findings of surveillance, epidemiologic research, environmental assessments, and other scientific investigations of human exposure to environmental hazards; (5) develops mechanisms to disseminate information on environmental health ***interventions***, risks, technologies, and best practices to state, tribal, local, and territorial health departments and to other agencies with related responsibilities; (6) maintains liaison with and serves as a primary federal resource for consultation and specialized technical assistance to federal, state, tribal, local, and territorial agencies; other national, international, and private organizations; and academic institutions for environmental health issues; (7) provides consultation and technical assistance on the development and implementation of environmental health ***programs*** addressing the prevention of human health problems associated with environmental hazards; (8) serves as CDC lead on safe water issues with focus on an all-hazards approach to recreational water, drinking water systems, private wells, and other private drinking water sources; (9) serves as CDC lead for control and prevention of environmental causes of Legionnaires' disease; (10) serves as CDC lead for prevention of environmental causes of foodborne illnesses and outbreaks; (11) operates a model vessel sanitation ***program*** that includes the development of standards, inspection of vessels, sanitation and disease prevention training of the cruise ship industry, conducting gastrointestinal (GI) illness surveillance and disease outbreak investigations on vessels sailing internationally; (12) provides guidance and technical assistance to the cruise ship industry on the control and prevention of GI illnesses on vessels; (13) ***plans***, develops, implements, and evaluates training ***programs***, workshops, technical manuals and guidance, and model standards to strengthen the technical capacity of environmental health practitioners in constituent agencies and organizations, including state, tribal, local, and territorial governments; (14) provides leadership in the development and implementation of asthma control ***programs*** and strategies to reduce the asthma exacerbations and deaths; (15) serves as CDC lead for epidemiologic research and investigations of respiratory diseases, other illnesses related to air pollutants, and outbreaks of acute respiratory diseases related to environmental hazards; (16) serves as CDC lead for climate-related public health activities; (17) provides national and international leadership and support in the development, implementation and use of environmental health surveillance through the National Environmental Public Health Tracking ***Program*** and related efforts for climate, asthma, lead, radiation, and other environmentally related conditions; (18) serves as the CDC lead for the elimination and prevention of childhood lead poisoning; (19) provides radiation health expertise and leadership in areas addressing public exposures to radiation including environmental exposures, medical exposures, and nuclear/radiological emergency preparedness and response; (20) serves as the HHS and CDC lead for public health oversight associated with chemical weapons demilitarization processes and related activities conducted by the Department of Defense and its contractors; (21) conducts emergency response and associated field studies to address natural or man-made events, disease outbreaks, and requests for epidemiologic, toxicologic, or other environmental health assistance from federal, state, local, territorial, tribal or international governments; (22) ensures the participation and involvement of the public and other stakeholders in the division's ***programs***, as appropriate; and (23) coordinates division activities with other CDC components and HHS agencies, as appropriate. Office of the Director (CUGE1). (1) ***Plans***, directs and manages the activities of the division; (2) directs ***strategic*** ***planning*** and alignment with NCEH & ATSDR mission, goals, and priorities; (3) coordinates cross-cutting activities on children's health, healthy homes, tribal activities, surveillance harmonization, emergency preparedness, and workforce development; (4) serves as a conduit to intra and inter-agency entities through active collaborations, ***strategic*** ***planning*** efforts and formal exchange with emergency preparedness and response stakeholders including intelligence, legislative, & budgetary entities; (5) coordinates NCEH and ATSDR emergency management resources to support efforts to protect the public's health from environmental threats; and (6) provides incident management and coordination for complex emergency management including the development, approval, and updating of standardized processes to enable appropriate and adequate management of resources. Water, Food, and Environmental Health Services Branch (CUGEB). (1) Advances environmental public health practice to better serve and protect the health of all people in the United States; (2) provides leadership on safe water activities from an environmental public health perspective, with particular focus on an all-hazards approach to recreational water, drinking water systems, household wells, and other private drinking water sources; (3) investigates risks for exposure to and health effects from contaminants in drinking water to identify hazardous exposures and develop recommendations for minimizing [[Page 6183]] exposure and reducing public health risks; (4) disseminates, communicates, and promotes information to protect communities from adverse health impacts from water pollutants; (5) serves as CDC lead for prevention of environmental causes of foodborne illnesses and outbreaks; (6) develops methods and conducts activities to ensure the translation of new technology and prevention research findings into prevention and control ***programs*** and activities at the state, tribal, local, and territorial levels (especially for water and food safety); (7) develops technical guidelines and model standards for environmental health ***program*** areas addressed at the state, tribal, local, and territorial levels (especially for water and food safety); (8) promotes and assists in the determination and investigation of environmental antecedents and solutions to disease problems, especially when potentially related to waterborne or foodborne agents; (9) develops, implements, and evaluates training ***programs*** and workshops, develops model performance standards, and provides decision support tools to strengthen professional competency among environmental health practitioners at the state, tribal, local, and territorial levels; (10) supports state and local environmental health ***programs*** through information exchange, direct technical assistance, and evaluation of existing ***programs***; (11) supports the professional development of environmental health practitioners through collaboration with schools of public and environmental health, state, tribal, local, and territorial health agencies, and others; (12) serve as NCEH & ATSDR lead for vector-borne disease, in collaboration with and support of other CDC components; (13) serves as national and international model and CDC lead for comprehensive vessel sanitation operational inspections and oversight for vessels that have a foreign itinerary, call on U.S ports, and carry 13 or more passengers, including the following responsibilities: (a) Ensures and coordinates epidemiologic investigations of GI illness outbreaks occurring aboard vessels within CDC's jurisdiction, (b) conducts syndromic surveillance for GI illness among passengers and crew for all voyages on vessels under CDC's jurisdiction, (c) ***plans***, implements, and evaluates sanitation training for cruise ship supervisors, (d) reviews ***plans*** for vessel renovations and new vessel construction, and conducts construction inspections, (e) disseminates information on vessel sanitation inspections and other related information to the traveling public, (f) provides direct technical assistance to cruise lines, other U.S government agencies, foreign governments, and others on the development and maintenance of vessel sanitation standards and policies; and (14) coordinates activities through the division and with other components of CDC; other federal, state, tribal, local, and territorial government agencies; and other public and private organizations, as appropriate. Asthma and Community Health Branch (CUGEC). (1) Develops, implements, and evaluates the National Asthma Control ***Program*** to reduce asthma morbidity and mortality and to address asthma disparities; (2) conducts epidemiologic research and investigations of asthma morbidity and mortality; (3) supports surveillance activities for asthma, and other respiratory diseases as appropriate, to quantify burden and guide ***interventions***; (4) identifies the evidence for and promotes and tracks ***interventions*** that reduce the burden of asthma, focusing on populations with a disproportionate burden of the disease; (5) develops and disseminates training, tools and other resources to strengthen and sustain asthma control activities and technical capacity among ***program*** partners at the national, state, local, territorial, and tribal level; (6) provides technical consultation to state, local, private, international, and other federal agencies on asthma control, surveillance, epidemiology, and evaluation; (7) d

isseminates, communicates, and promotes information from surveillance and health studies related to asthma control to diverse audiences; (8) assesses the strength of evidence on air pollution exposures and public health; (9) conducts epidemiologic research and investigations of non- occupational human exposure to air pollutants and their potential health effects; (10) develops methods for assessing exposure and risk to human health from air pollutants and, in selected circumstances, conducts exposure and risk assessments; (11) designs and evaluates behavioral, policy, technological, and community design ***interventions*** to reduce exposures to air pollution and improve health; (12) facilitates international efforts to reduce indoor air pollution from cookstoves; (13) develops and coordinates training and decision support tools to strengthen and sustain air pollution activities and technical capacity among ***program*** partners at the national, state, local, territorial, and tribal level; (14) provides consultation to federal, state, local, territorial, tribal, private, and international agencies on non-occupational environmental issues related to air pollutants; (15) disseminates, communicates, and promotes information to protect communities from adverse health impacts from air pollution; (16) conducts epidemiologic research into the potential health effects of climate change and climate variability; (17) develops methods for assessing current and projected future risk to human health from climate change and climate variability; (18) designs and evaluates public health adaptation and ***intervention*** strategies for reducing the impacts of climate change and climate variability on health; (19) develops and coordinates training and decision support tools to strengthen and sustain public health adaptation activities related to climate change and climate variability; (20) helps build technical capacity among ***program*** partners at the national, state, local, territorial, and tribal level; (21) provides consultation to state, local, private, international, and other federal agencies on human health issues related to climate change and climate variability; (22) disseminates, communicates, and promotes information about public health adaptation to climate change and climate variability to diverse audiences; (23) enhances healthy community design by helping public health, and transportation by providing convenient and safe opportunities to walk, bicycle, and use public transit; (24) develops and maintains quality partnerships with key ***program*** stakeholders; and (25) coordinates asthma, air, and climate activities through the division and with other components of CDC; other federal, state, tribal, local, and territorial government agencies; and other public and private organizations, as appropriate. Lead Poisoning Prevention and Environmental Health Tracking Branch (CUGED). (1) Implements the National Environmental Public Health Tracking ***Program***, establishing goals and objectives to ensure the provision of information from a nationwide network of integrated health and environmental data that drives actions to improve the health of communities; (2) establishes standards, processes, and protocols to guide scientific activities and content in the National Environmental Public Health Tracking Network and component state, local, territorial and tribal networks; (3) provides standardized and integrated health, [[Page 6184]] environmental, and hazard data from multiple information systems at the national, state, and local levels; (4) fills key environmental health data and information gaps through application of novel and nontraditional data, technologies, tools and methods; (5) coordinates development of training, workforce capacity, and infrastructure to support and sustain environmental public health tracking among ***program*** partners at the national, state, local, territorial, and tribal level; (6) develops tools and products used to synthesize environmental public health surveillance data to support public health decision making at the national, state, and local levels; (7) continually modernizes and enhances the tracking network's underlying IT and informatics technology to address stakeholder information needs; (8) develops and maintains quality partnerships with key environmental public health tracking stakeholders; (9) facilitates communication and coordination of environmental public health tracking activities across and within health and environmental agencies; (10) facilitates and conducts scientific activities for environmental public health tracking; (11) disseminates, communicates, and promotes use of environmental public health tracking information to diverse audiences; (12) conducts continuous quality improvement for environmental public health tracking activities; (13) establishes goals and objectives for a national childhood lead poisoning prevention ***program*** for CDC, which includes reduction of lead exposures from all sources, including lead-based paint and lead in water; (14) works with U.S Department of Housing and Urban Development, U.S Environmental Protection Agency, U.S Department of ***Agriculture***, U.S Department of Energy, National Institute of Standards and Technology and other agencies to develop and implement an integrated national ***program*** to eliminate childhood lead poisoning; (15) serves as the lead agency for coordinating efforts designed to achieve national ***program*** objectives and performance standards related to the prevention of childhood lead poisoning; (16) provides consultation and assistance to federal agencies, state and local health agencies, and others in ***planning***, developing, and implementing childhood lead poisoning prevention ***programs***; (17) develops, conducts, and evaluates epidemiologic research on childhood lead poisoning, its causes, geographic distribution, trends and risk factors; (18) assists state and local government agencies by providing epidemiologic assistance for special studies and investigations related to childhood lead poisoning prevention; (19) develops and helps implement, in concert with other federal agencies, national organizations, and other appropriate groups, a training agenda for health professionals and workers related to childhood lead poisoning prevention activities; (20) provides support to the CDC/NCEH Federal Advisory Committee relevant to lead poisoning prevention; and (21) coordinates environmental health surveillance/tracking and childhood lead poisoning prevention activities through the division and with other components of CDC; other federal, state, tribal, local, and territorial government agencies; and other public and private organizations, as appropriate. Emergency Management, Radiation, and Chemical Branch (CUGEE). (1) Provides scientifically based technical assistance and guidance to state, local, tribal, and territorial health departments to safeguard the American public against radiation exposures; (2) provides radiation-related education, training, and information to the public health and clinician communities and the general public; (3) collaborates with public health partners in state, tribal, local, territorial, federal, international, and nongovernment organizations on radiation-related health issues; (4) supports the ability of CDC and HHS staff to prepare for and respond to nuclear/radiological emergencies; (5) explores emerging radiation-related health threats; (6) serves as the HHS and CDC lead for activities related to chemical weapons demilitarization; (7) conducts reviews of Department of Defense (DOD) chemical demilitarization ***plans***, calling on appropriate experts within and outside CDC and HHS; (8) reviews air monitoring and analytical ***plans*** and performance for demilitarization of chemical weapons; (9) ensures that adequate provisions are made for public health and worker safety during chemical demilitarization activities; (10) coordinates activities with DOD agencies and state and local health and environmental agencies concerning chemical demilitarization ***plans*** and operations, including the evaluation of medical readiness; (11) performs site visits before and during chemical demilitarization operations; (12) reviews and provides relevant public health information to health professionals and the public, and ensures the participation and involvement of the public and other stakeholders, as appropriate; (13) reviews and evaluates closure ***plans*** for chemical demilitarization including decontamination and waste-handling activities; (14) reviews on-site emergency response ***plans*** for chemical demilitarization activities; (15) conducts epidemiologic research and investigations of human exposure and health effects related to environmental hazards (excluding foodborne illness outbreaks and lead, air and water pollution) of the following types: (a) Physical agents, (b) chemical and metal agents, including those causing acute effects and other more long-term effects such as carcinogenesis, mutagenesis, and teratogenesis, (c) biological agents, including both technologic and natural toxins and/or allergens (except infectious disease-causing agents), (d) natural and technologic disasters, including natural events such as floods, drought, tornadoes, cyclones, earthquakes, and volcanic eruptions, and events resulting from human activities, (e) diseases and syndromes of uncertain etiology and/or potentially related to environmental hazards, (f) multipollutant or multimedia studies, (g) emerging environmental topics that may impact public health; (16) provides epidemiologic leadership, technical assistance, and guidelines related to investigation and communications of disease clusters; (17) provides epidemiologic and statistical support to other environmental health ***programs*** as appropriate; (18) develops methods and activities directed toward assessing risk to human populations from exposure to environmental hazards; (19) provides surveillance, epidemiologic emergency response for, and epidemiologic study of natural and other environmental disasters; (20) provides consultation to state, local, and other federal agencies, as well as to international and private organizations, on environmental health issues; (21) provides public health guidance and resources based on scientific evidence to state, tribal, local, territorial, and international public health departments so that they may prepare and respond to environmental public health events (such as unplanned releases and spills); (22) works in collaboration across NCEH & ATSDR and other CDC components to respond to and, where designated, provide technical assistance on HHS activities associated with emergency response to technological and environmental disasters; (23) provides technical assistance, as appropriate, on health consultations and assistance in the medical care and testing of exposed individuals to private or public health care providers in cases of public health emergencies; (24) develops, implements, and manages ***programs*** to enhance the [[Page 6185]] emergency response readiness of CDC and other national, regional, state, local, and international public health organizations; (25) develops capacity within the states to integrate new and existing epidemiological and scientific principles into operational and programmatic expertise in emergency preparedness, response, and recovery; (26) identifies and shares best practices from all academic and operational fields to develop appropriate technical assistance for state and local departments of health for all-hazards preparedness, response, and recovery; (27) provides technical assistance related to the development of contingency ***plans***, training, and operational liaison activities with other agencies and response teams engaged in emergency responses; (28) coordinates activities through the division and with other components of CDC; other federal, state, tribal, local, and territorial government agencies; and other public and private organizations, as appropriate; (29) supports NCEH and ATSDR emergency management efforts to protect the public's health from environmental threats; (31) facilitates situational awareness, fusion, and outreach by developing and disseminating timely assessments of evolving events, courses of action, and communication to intra and inter-agency partners; (32) supports incident management and coordination for complex emergency management including the development, approval, and updating of standardized processes to enable appropriate and adequate management of resources; (33) serves as the NCEH & ATSDR subject matter experts for facilitating emergency management ***planning***, training, and exercise; including identification of requirements, key skillsets/ capabilities, capacity, and critical gaps in our preparedness posture; (34) works with the National Response ***Program*** and CDC guidelines to collaborate with stakeholders during emergency response situations; and (35) provides technical information and site-specific support in addressing the health issues presented by emergency or acute release events, and on the nature, extent, status, and implications of ongoing, emerging, and evolving threats and subsequent efforts to reduce their adverse impacts. Sherri Berger, Chief Operating Officer, Centers for Disease Control and Prevention. [FR Doc. 2018-02821 Filed 2-12-18; 8:45 am] BILLING CODE 4160-18-P

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[***Efforts made to modernise Sri Lanka's industrial sector and open markets***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-72P1-00000-00&context=1516831)

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**Body**

Sri Lanka's commitment to being conducive to private-sector business development is reflected in its marked orientation towards trade and investor-friendly encouragement of foreign direct investment. Building on its ***strategic*** location at the gateway to India and between the Middle East, Africa and South-east Asia, the government of Sri Lanka is pushing an agenda of open and free-market economic policy to promote and expand trade and economic links, with the ultimate goal of becoming a regional trade centre.

**Transitions**

As the country edges towards achieving middle-income status, Sri Lanka's economy has transitioned from being predominantly rural-based and ***agricultural*** to one that is urbanised and services driven. In 2015 the service sector accounted for 62.4% of GDP, followed by manufacturing (28.9%) and ***agriculture*** (8.7%), according to figures from the World Bank (WB).

In its drive to increase incomes across the island, the country is able to call upon domestically ***produced*** raw materials such as tea, rubber and coconut, a well-educated workforce and strong external ties with ***strategic*** trading partners. "I see Sri Lanka's economic future as a services hub; a niche manufacturing destination to ***produce*** goods which plug into regional and global value chains, particularly light engineering; and a location for high-value ***agricultural*** products such as fruits, vegetables and dairy, both to service the rapidly growing tourism sector and for exports, especially, to the Middle Eastern and Indian markets," Ranil Wickremesinghe, Sri Lanka's prime minister, wrote in a speech prepared for the World Economic Forum's 2016 meeting.

The prime minister went on to write that, in his view, industrialisation and urbanisation are key drivers of modernisation. In order to create the appropriate environment for these drivers to materialise, he proposed the creation of 45 new industrial parks around the country - to be developed and managed by the private sector - as well as the development of five second-tier cities to promote urbanisation throughout the island.

**Industrial Policy & Strategy**

The government of President Maithripala Sirisena has charted an economic policy that is on course to steer the country towards sustainable industrial development and the promotion of domestic industry. It stresses the importance of increasing income generation and creating employment via tapping unrealised domestic market opportunities and promoting domestically sourced value-added raw material as well as resource-based export industries. The policy also aims to spur industrial activity of all kinds around the country. To facilitate these policy goals the government is currently engaged in a massive infrastructure upgrade that will ultimately work to provide access to factories and raw materials in rural areas, and vice-versa.

In charge of steering this craft is the Ministry of Industry and Commerce (MIC), and its remit includes policy formulation to expand exports and increase employment while also encouraging diversification, value addition, environmental sustainability and regional industrial development. The MIC also formulates and implements infrastructure for the promotion and development of the industrial sector.

Working to assist both public and private-sector entrepreneurs and families, in addition to small, medium and large industrial enterprises, the MIC's Industrial Development Board (IDB) aims to promote and develop Sri Lankan enterprises, individuals and institutions concerned with industry from a ***strategic***, technological and commercial foundation. Its services run the gamut from identifying business opportunities, information and linkages to market, product development and promotion, productivity improvement, management and technology development and assistance, engineering services as well as the provision of infrastructure facilities and product-specific raw materials.

Each industry additionally has its own professional industry associations, such as the Tea Board and the Tiles and Sanitary Ware Importers Association.

There is, however, much work to do if the government is to succeed in its goal of becoming a regional trade hub. South Asia in general is the most closed trade region in the world, imposing an average 16.7% tariff on imported products, according to "Global Enabling Trade Report 2016", published by the World Economic Forum (WEF) and the Global Alliance for Trade Facilitation. In the report Sri Lanka ranked 103rd and India ranked 102nd out of 136 economies. The report uses the enabling trade index to measure a country's free flow of goods over borders and to their destination according to categories such as domestic and foreign market access, border administration, transport and ICT infrastructure and services, and operating environment. The ranking system found that Sri Lanka's most problematic factors for exporting were identifying potential markets and buyers, access to imported inputs at competitive prices and tariff barriers abroad, while its most problematic factors for importing were tariffs and non-tariff barriers, burdensome import procedures and corruption at the border.

The volume of industrial production increased by 3.6% in February 2017, according to Department of Statistics data. In November and December 2016, the index indicated an increase in production of 4.5% and 3.6%, respectively, compared to average monthly production in 2015. Industrial production for the fourth quarter of 2016 increased by 4.3% year-on-year (y-o-y).

**An Open Economy**

In its 2017 budget speech the government laid out ***plans*** to propel the growth of a wide variety of industries in the country. A sample of the pro-growth initiatives includes the abolition of certain taxes and regulations on the tea industry and a ban on the export of "refuse tea"; allocations to modernise the Coconut Processing Research Division of the Coconut Research Institute in order to enable it to ***produce*** high-yielding planting material and to the Coconut Cultivation Board to engage in a mapping project of areas of major pest attacks; the importation of raw coconut oil products for value-adding and export; an invitation to local and foreign investors to invest in sugar mills in defined districts with the provision of a 100% capital allowance on such investments; and a mandate to the cinnamon industry to conduct value-adding activities to increase the value of cinnamon exports.

With regard to the fishery industry, the government proposed the construction of the country's first cold room on a public-private partnership basis at the Dikowita Fishery Harbour, allocations for the Gandara Fishery Harbour development project, and to build up fishery harbours and anchorage infrastructure. In addition, it announced the development of Aquaculture Industry Zones in Hambantota, Mannar and Batticaloa, and the National Aquatic Resources Research and Development Agency was urged to engage in research to improve commercialisation in the fishery industry.

To enable the growth of the country's services industry, specifically its business process outsourcing (BPO), knowledge process outsourcing and legal process outsourcing industries, the government proposed alterations to labour laws to include flexible working hours, an extension of the period allowed for contract work and the introduction of performance-based wages.

Presenting the budget, Ravi Karunanayake, then-minister of finance and current minister of foreign affairs, said the government would provide investment relief for the formation by the private sector of a textile cluster to include sizing, dyeing and finishing units. In addition, to create additional avenues for garment exports, it said it would permit enterprises to import branded products for reworking, and that the garments would be exported to countries where there is no preferential treatment. In the speech, Karunanayake announced the government would immediately implement the Rubber Master ***Plan***, which will see the introduction of high-yielding plants, rain guarding technology and replanting ***programmes***. It also proposed allocations for the establishment of a modern Finite Element Analysis Stimulation Centre at the Plastic and Rubber Institute of Sri Lanka. Lastly, Karunanayake said the government would make allocations to the Department of Commerce for promotional trade activities, especially for products made by small and medium-sized enterprises (SMEs), at international trading and promotional events.

**Fostering Trade Partnerships**

Sri Lanka is currently pursuing trade agreements with China and Singapore. The country already has free trade agreements (FTAs) with Pakistan and India, both of which have been in place for over a decade. However, these agreements have been restricted to selected goods only. However, trade representatives from Sri Lanka and India are currently in talks to expand the scope of the March 2000 FTA from only goods to include services, investments and technology cooperation. India continues to be Sri Lanka's major trading partner in South Asia. In 2015-16, India exported goods worth $5.3bn, and its imports from Sri Lanka were worth $750m. The controversial economic and technology cooperation agreement (ETCA) with India was first broached in 2003, when a joint study group was established to widen the previous FTA. Negotiations for the ETCA began in February 2005, but have not progressed since due to broad-ranging concerns voiced by Sri Lanka's services sector. "Boosting economic integration with India and other countries in the South Asian region appears to be the most obvious growth channel to boost Sri Lanka's economic growth in the years ahead" Aelian Gunawardene, Managing Director of JAT Holdings, told OBG.

In November 2016 Sri Lanka held bilateral trade talks with Turkey. Sri Lanka's trade with Turkey has surged by more than 130%, from $97m in 2005 to $230m in 2015. During the talks, Ismet Yilmaz, Turkey's minister of education, suggested the two countries should target a trade volume of $500m by 2020. Sri Lanka's major export items to Turkey comprise tea, staple fibres, apparel, and activated carbon and natural mineral products. The value of Sri Lanka's tea exports to Turkey in 2015 accounted for 76% of Sri Lanka's total exports.

In order to regain the generalised system of preferences plus (GSP+) benefits, the Sri Lankan government negotiated with the EU on a number of issues surrounding a failure to address human rights concerns, which resulted in the country losing the GSP+ concessions in 2010. The EU announced the reinstatement of GSP+ benefits in mid-May 2017, enabling Sri Lankan exporters to enjoy duty-free privileges.

Additionally, in November 2016 the EU launched a four-year, (EURO)8m assistance project to help Sri Lanka increase its trade competitiveness in regional and European markets. The project will be implemented by the International Trade Centre (ITC) and United Nations Industrial Development Organisation in collaboration with the Sri Lankan Department of Commerce.

The project will help Sri Lanka integrate World Trade Organisation policies and reforms to make the most of the potential opportunities from the EU GSP+ scheme and greater regional integration. It will also address compliance standards and efficiencies in cross-border procedures, which are key constraints to market access. Specific attention will be given to enhancing value chains in the spice, food and BPO sectors.

SMEs make up more than 80% of Sri Lankan businesses and represent 35% of total employment, according to Ashish Shah, director of country ***programmes*** at the ITC. "Strengthening the export capacities of SMEs in sectors with high potential for job creation is therefore a critical contribution to ensuring inclusive growth in Sri Lanka. Through this we will unlock Sri Lankan SME's trade competitiveness and help them reap the benefits of participation in international trade," Shah said.

**Material Growth**

The government is aiming to make Sri Lanka a commercial hub via trade deals and better supply chain management, and the apparel sector is expected to be a key accelerator in this. The government's goal is to position Sri Lanka's apparel sector among the top-10, high-quality apparel manufacturing countries in the world by 2020, and for the apparel industry to generate $8bn in export earnings by that year. Apparel was Sri Lanka's number-one export in terms of value in 2015. As a percentage of total exports, garments and textiles comprise 46% of Sri Lanka's total exports, according to central bank data (see analysis).

**Trying Times For Tea**

In 2015 tea was Sri Lanka's second-biggest export product in terms of value ($1.3bn) and the country's fourth-largest export earner, contributing 12.6% of Sri Lanka's total export earnings. In a reversal of positive trends seen from 2011-14, the tea industry saw y-o-y declines in both the volume (-6%) and price (-12%) of tea exports in 2015, according to the Institute of Policy Studies (IPS), and tea export volumes continued to decrease by 9.5% in the first half of 2016.

The IPS attributed this decline to external market, currency and political conditions in Sri Lanka's major tea export markets, which include Russia, Turkey, the Middle East, Azerbaijan, Japan, China, Germany and the US. Sri Lanka exported 73% of its total tea exports to these markets in 2015.

Output was also falling, with production figures hitting a 15-year low in September 2016, according to the Sri Lanka Tea Board, which said that September's tea production of 19.8m kg was down 27% over the previous year's figure of 27.2m kg. At 218.6m kg, production for the nine-month period to the end of September 2016 was also down almost 14% on the previous year's corresponding figure of 252.9m kg. The drop in production was attributed to poor cropping conditions, floods and drought, inappropriate fertiliser application, low market prices and a government ban on the use of herbicides.

However, tea exports grew sharply - by 19% y-o-y - as of August 2016, the central bank said in an economic update. About 98% of Sri Lanka's tea export volumes are in black tea, with green tea comprising only 1.5% of exports and instant tea 0.7%, according to the IPS. In addition, more than 40% of tea is exported in bulk form.

Since state plantations were privatised in the mid1990s, the number of workers employed in tea plantation companies has declined from 345,000 to an estimated 208,000. Yet labour costs still account for more than 70% of production costs at regional plantation companies (RPCs).

A collective agreement signed in October 2016 introduced a new wage formula that enables workers to earn up to LKR805 ($5.49) per day under certain conditions. The collective agreement is expected to cost plantation owners LKR4bn ($27.3m) In December 2016 the WB announced ***plans*** to provide $70m in funds to modernise RPCs' estates and factories. The funds will be aimed at replanting, improving roads and tea factories, and water management to enable the RPCs to enhance their profitability.

**A *Plan* For Rubber**

Rubber and rubber finished products were the third-largest export in terms of value in 2015. Rubber had an export value of $787.3m and contributed 7.5% of Sri Lanka's total export earnings in 2015. The major export markets for rubber and rubber finished products were the US, Germany, Belgium, Italy, Canada, the UK, Brazil, France, India, Japan, Australia, the Netherlands and Spain. Sri Lanka exported 76% of its total rubber exports to these countries in 2015.

"Sri Lankan rubber production is down 20% y-o-y in part due to a fall in global demand," Ravi Dadlani, vice-president of sales and marketing at CEAT Kelani Holdings, told OBG. Production of natural rubber hit a high of 158,000 tonnes in 2011, but by 2015 production had decreased to 88,600 tonnes, according to the Rubber Development Department. Meanwhile, Thailand, Vietnam and Indonesia have all increased their rubber production by 10-25%.According to Prabhash Subasinghe, managing director of Global Rubber Industries, typical yields in Sri Lanka are 800 kg per hectare. "This amount needs to be doubled in order to become regionally competitive."

Sri Lanka is the largest supplier of solid tyres globally, and its rubber products comprise the country's premier value addition in the manufacturing sector. Locally harvested rubber features prominently in domestic manufacturing, totalling around $195m of raw rubber annually. In 2015 an estimated 72m kg of rubber was consumed domestically, according to Rubber Development Department statistics. However, Sri Lanka's rubber industry export volumes have fallen dramatically, as export volume dropped y-o-y in 2015 by 37% and prices by 9%, according to the IPS. Since 2011 rubber export volumes and prices have declined 77% and 48%, respectively. From January to July 2016, earnings from rubber exports declined by 6.5% on a y-o-y basis. "We are facing difficult times in the rubber sector," Rishad Bathiudeen, minister of industry and commerce, said during an industry conference in August 2016. The minister listed supply-side constraints, the global market situation, a lack of technology and artificial rubber imports as issues that require resolution in order for the rubber industry to develop.

The Rubber Industry Master ***Plan*** aims to achieve $4bn in rubber exports by 2024. To reach the goal, stakeholders will have to confront an issue endemic in the country: a lack of skilled labour. Growth in the rubber industry will depend on manufacturers' ability to address the current shortage of rubber manufacturing skills and skilled technology knowledge in the rubber industry. Training for rubber industry technicians in the latest rubber technologies is taking place at India's Cochin University of Science and Technology, and 25 students are set to attend the graduateship ***programme*** of the Plastic and Rubber Institute of Sri Lanka.

**All That Glitters**

The major export markets for Sri Lanka's diamonds, gems and jewellery were Israel, Belgium, the US, Switzerland and Hong Kong, to which Sri Lanka exported 82.5% of its total in 2015. This segment constituted Sri Lanka's fourth most valuable export basket in 2015. Together, diamonds, gems and jewellery had an export value of $331.6m and contributed 3.2% of Sri Lanka's total export earnings in 2015.

**Edibles & More**

Food and beverages (F&B) were Sri Lanka's sixth most valuable export in 2015. The segment had a combined export value of $302.2m and contributed 2.9% of Sri Lanka's total export earnings in 2015. The major export markets for F&B were India, Belgium, the Maldives, the US, Ireland, Indonesia, Germany, the UK, Italy, the UAE, Vietnam and Australia. Sri Lanka exported 71.52% of its total F&B exports to these countries in 2015. Although it accounted for only 1.15% of Sri Lanka's total export earnings, coconut oil netted an export value of $121.2m in 2015. The US, Canada, Japan and the UK comprised the major export markets for coconut oil. Sri Lanka exported 71% of its total coconut oil exports to these countries in 2015. The government perceives significant potential to increase the export proceeds of its fishery industry by at least five-fold in the next three to five years through the export of not only raw crabs, lobsters, prawns and oysters, but also through value-adding activities such as canning and processing. In 2015 Sri Lanka exported 73% of its total fisheries exports, with an export value of $180.6m and a contribution of 1.7% of the country's total export earnings. The major export markets for Sri Lanka's fisheries were the US, Japan, Italy, the UK, the Netherlands, France, Germany and Taiwan. Sri Lanka is the world's leading exporter of cinnamon. The country's cinnamon trees ***produce*** what is generally agreed to be the world's best cinnamon and nearly 85% of the crop is exported in its raw form. Value addition is considered an opportunity for this industry to increase export values. Cinnamon had an export value of $131.2m and contributed 1.25% of Sri Lanka's total export earnings in 2015. The major export markets for cinnamon were Mexico, the US, Peru and Colombia. Sri Lanka exported 72% of its total cinnamon exports to these countries in 2015.

In the tobacco segment, meanwhile, Ceylon Tobacco Company, a subsidiary of British American Tobacco, is the market leader in the country. In addition to domestic sales, the company also exports some of its ***produce***. "The tobacco industry supports the lives of some 300,000 people in Sri Lanka through its wider value chain while contributing more than 7% of the government's total tax revenue," Michael Koest, managing director and CEO of Ceylon Tobacco Company, told OBG.

**Electronics**

The WB Enterprise Surveys show that Sri Lanka's productivity in the electronics sector is higher than that of China ($24,701 vs. $22,382). Electrical and electronics products (EEP) had an export value of $293.9m and contributed 2.8% of export earnings in 2015. The major export markets for EEP in 2015 were China, India, the US, Switzerland, Germany, the UK, Hong Kong, the Maldives and Japan, with these countries accounting for 77% of the total.

**Outlook**

With the government proposing broad changes to open the country's markets, the industrial sector is in a prime position to drive the economy to higher levels. Diversification and value-adding, in the tea and rubber segments for instance, as well as liberalisation for imports and investment in selected areas should allow many of the country's industrial areas to gain larger global market shares. However, the sector will have to find near-term strategies in order to cope with the lack of skilled workers to increase production and innovation, as well as ramp up efforts to modernise.

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**End of Document**



[***Clean Growth Strategy: executive summary***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S4M-HGS1-JDG9-Y1B8-00000-00&context=1516831)

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**Body**

London: UK Government has issued the following news release:

Clean growth means growing our national income while cutting greenhouse gas emissions1. Achieving clean growth, while ensuring an affordable energy supply for businesses and consumers, is at the heart of the UK’s Industrial Strategy. It will increase our productivity, create good jobs, boost earning power for people right across the country, and help protect the climate and environment upon which we and future generations depend.

1. UK leadership and progress

Our strategy for clean growth starts from a position of strength.

The UK was one of the first countries to recognise and act on the economic and security threats of climate change. The Climate Change Act, passed in 2008, committed the UK to reducing greenhouse gas emissions by at least 80% by 2050 when compared to 1990 levels, through a process of setting 5 year caps on greenhouse gas emissions termed ‘Carbon Budgets’. This approach has now been used as a model for action across the world, and is mirrored by the United Nations’ Paris Agreement.

We have been among the most successful countries in the developed world in growing our economy while reducing emissions. Since 1990, we have cut emissions by 42%2 while our economy has grown by two-thirds3. This means that we have reduced emissions faster than any otherG7nation, while leading theG7group of countries in growth in national income over this period4.

This progress has meant that we have outperformed the target emissions reductions of our first carbon budget (2008 to 2012) by 1%5 and we project that we will outperform against our second and third budgets, covering the years 2013 to 2022, by almost 5% and 4% respectively6. Our economy is expected to grow by 12% over that time7. This will be a significant achievement.

We have made progress across every sector of our economy.

1.1 Figure 1: UK and

G7

economic growth and emissions reductions8

In 2016, 47% of our electricity came from low carbon sources, around double the level in 20109, and we now have the largest installed offshore wind capacity in the world. Our homes and commercial buildings have become more efficient in the way they use energy which helps to reduce emissions and also cut energy bills, for example average household energy consumption has fallen by 17% since 199010. Automotive engine technology has helped drive down emissions per kilometre driven by up to 16% and driving a new car bought in 2015 will save car owners up to £200 on their annual fuel bill, compared to a car bought new in 200011. England also recycles nearly 4 times more than it did in 200012.

This progress has been aided by the falling costs of many low carbon technologies: renewable power sources like solar and wind are comparable in cost to coal and gas in many countries13; energy efficient light bulbs are over 80% cheaper today than in 201014; and the cost of electric vehicle battery packs has tumbled by over 70% in this time15.

As a result of this technological innovation, new high value jobs, industries and companies have been created. And this is driving a new, technologically innovative, high growth and high value ‘low carbon’ sector of the UK economy. Not only are we rapidly decarbonising parts of the domestic economy, but thanks to our world leading expertise in technologies such as offshore wind, power electronics for low carbon vehicles and electric motors, and global leadership in green finance, we are successfully exporting goods and services around the world – for example, 1 in every 5 electric vehicles driven in Europe is made in the UK16. This progress now means there are more than 430,000 jobs in low carbon businesses and their supply chains, employing people in locations right across the country17.

This progress has altered the way that we see many of the trade-offs between investing in low carbon technologies that help secure our future but that might incur costs today. It is clear that actions to cut our emissions can be a win-win: cutting consumer bills, driving economic growth, creating high value jobs and helping to improve our quality of life.

Of course, greenhouse gas emissions are a global problem and action is needed from all countries. The UK has played a key role in demonstrating international leadership on tackling climate change through its domestic action, climate diplomacy and financial support. The UK was among the first to recognise climate change as an economic and political issue as opposed to solely an environmental one and has used its world leading economic, science and technical skills to shape the global debate around climate change, for instance making the economic case for climate action in the landmark Stern Report in 200618. The UK has also used its influence and resources to help developing countries with their own clean growth – and our actions to date are expected to save almost 500 million tonnes of carbon dioxide over the lifetime of the projects19, more than the entire annual emissions of France20. While we do not count these results against our domestic targets, we can be proud of the impact of the UK’s commitment to global climate action.

2. The opportunities and challenges

The UK played a central role in securing the 2015 Paris Agreement in which, for the first time, 195 countries (representing over 90% of global economic activity21) agreed stretching national targets to keep the global temperature rise below 2 degrees. The actions and investments that will be needed to meet the Paris commitments will ensure the shift to clean growth will be at the forefront of policy and economic decisions made by governments and businesses in the coming decades. This creates enormous potential economic opportunity –– an estimated $13.5 trillion of public and private investment in the global energy sector alone will be required between 2015 and 2030 if the signatories to the Paris Agreement are to meet their national targets22. The decision by the US to withdraw from the Paris Agreement served to bring together and bolster action internationally on climate change with many countries underlining their commitment to the Paris Agreement in the days and weeks that followed.

The UK is well placed to take advantage of this economic opportunity. Our early action on clean growth means that we have nurtured a broad range of low carbon industries, including some sectors in which we have world leading positions. This success is built upon wider strengths – our scientific research base23, expertise in high-value service and financial industries24, and a regulatory framework that provides long-term direction and support for innovation and excellence in the design and manufacturing of leading edge technology.

Capturing part of the global opportunity while continuing to drive down carbon emissions from our own activities could provide a real national economic boost. The UK low carbon economy could grow by an estimated 11% per year between 2015 and 2030 – 4 times faster than the rest of the economy25 – and could deliver between £60 billion and £170 billion of export sales of goods and services by 203026. This means that clean growth can play a central part in our Industrial Strategy – building on our strengths to drive economic growth and boost earning power across the country.

Action to deliver clean growth can also have wider benefits. For example, the co-benefit of cutting transport emissions is cleaner air, which has an important effect on public health, the economy, and the environment.

But hitting our carbon budgets and expanding the low carbon economy will not be easy. We have achieved significant results in the power and waste sectors and now need to replicate this success across the economy, particularly in the transport, business and industrial sectors. We also need to reduce the emissions created by heating our homes and businesses, which account for almost a third of UK emissions. If done in the right way, cutting emissions in these areas can benefit us all through reduced energy bills, which will help improve the UK’s productivity, and improved air quality, while the innovation and investment required to drive these emissions down can create more jobs and more export opportunities.

2.1 Figure 2: UK emissions by sector, 201527

In order to meet the fourth and fifth carbon budgets (covering the periods 2023 to 2027 and 2028 to 2032) we will need to drive a significant acceleration in the pace of decarbonisation and in this strategy we have set out stretching domestic policies that keep us on track to meet our carbon budgets. However, we are prepared to use the flexibilities available to us to meet carbon budgets, subject to the requirements set out in the Climate Change Act, if this presents better value for UK taxpayers, businesses and domestic consumers.

Every action that we take to cut emissions must be done while ensuring our economy remains competitive. As we set out in our Industrial Strategy Green Paper, we attach great importance to making sure our energy is affordable28. This is why the government has commissioned an independent review into the cost of energy led by Professor Dieter HelmCBE. This review will recommend ways to deliver the government’s carbon targets and ensure security of supply at minimum cost to both industry and domestic consumers. Once ministers have had the opportunity to consider the review’s proposals, the government will incorporate its recommendations into the further development of the Clean Growth Strategy as appropriate.

Another imminent challenge is to manage any impact of leaving the European Union as the government fulfils its commitment to the British people. Leaving the EU will not affect our statutory commitments under our own domestic Climate Change Act and indeed our domestic binding emissions reduction targets are more ambitious than those set by EU legislation. The exact nature of the UK’s future relationship with the EU and the long-term shape of our involvement in areas like the EU Emissions Trading System are still to be determined. There are also emerging opportunities to drive more action – for example by putting emission reductions and land stewardship at the heart of a post EU ***agricultural*** support policy. We will therefore carefully examine each area of common interest with our EU partners and work to deliver policies and ***programmes*** that are at least as beneficial as the current arrangements.

3. Our Clean Growth Strategy

This strategy sets out a comprehensive set of policies and proposals that aim to accelerate the pace of ‘clean growth’, i.e deliver increased economic growth and decreased emissions.

3.1 Our approach

In the context of the UK’s legal requirements under the Climate Change Act, the UK’s approach to reducing emissions has 2 guiding objectives:

* To meet our domestic commitments at the lowest possible net cost to UK taxpayers, consumers and businesses; and,

1. To maximise the social and economic benefits for the UK from this transition.

In order to meet these objectives, the UK will need to nurture low carbon technologies, processes and systems that are as cheap as possible.

We need to do this for several reasons. First, we need to protect our businesses and households from high energy costs. Second, if we can develop low cost, low carbon technologies in the UK, we can secure the most industrial and economic advantage from the global transition to a low carbon economy. Third, if we want to see other countries, particularly developing countries, follow our example, we need low carbon technologies to be cheaper and to offer more value than high carbon ones.

We cannot predict every technological breakthrough that will help us meet our targets. Instead, we must create the best possible environment for the private sector to innovate and invest. Our approach will maintain that of our Industrial Strategy: building on the UK’s strengths, improving productivity across the UK and ensuring we are the best place for innovators and new business to start up and grow. We are clear about the need to design competitive markets and smart regulation to support entrepreneurs and investors who will develop the new technologies at the scale we need. This will help our wider aim of improving the UK’s earning power.

It is only through innovation – nurturing better products, processes and systems – that we will see the cost of clean technologies come down. That is why this strategy sets out for the first time how over £2.5 billion will be invested by the government to support low carbon innovation from 2015 to 2021. More broadly, the National Productivity Investment Fund will provide an additional £4.7 billion, with an extra £2 billion a year by 2020 to 2021, representing the largest increase in public spending on UK science, research and innovation since 197929. The UK is also working collaboratively as a core member of ‘Mission Innovation’30, a group of leading countries which aims to drive forward clean energy innovation on a global scale.

In addition to supporting innovation, we are focused on policies that deliver social and economic benefits beyond the imperative to reduce emissions. Higher quality, more energy efficient buildings are healthier places to live and work. Reducing the amount of heat we waste will reduce bills. Accelerating the rollout of low emission vehicles contains a triple win for the UK in terms of industrial opportunity, cleaner air and lower greenhouse gas emissions. And crucially, many of the actions in the Clean Growth Strategy will enhance the UK’s energy security by delivering a more diverse and reliable energy mix.

Actions taken by the government on clean growth will be consistent with broader government priorities, such as delivering clean air. All parts of the UK have a major role to play in delivering our ambitions on clean growth, and the Devolved Administrations have a range of ***plans*** and policies in place to deliver emission reductions. We will work closely with them, and with local leaders across the UK, as we develop the policies and proposals set out in this strategy.

The changes to our infrastructure and the pace of innovation will require significant investment from the private sector. The first steps to support the growth of the green finance sector in the UK are set out in this Strategy. We are building on a position of global leadership in finance and investment. These steps will be followed by ambitious policy proposals to further accelerate investments to deliver our Clean Growth Strategy. To help develop this longer-term work, the government has set up a new Green Finance Taskforce, comprising senior representatives from the finance industry and government.

3.2 Key policies and proposals

The key actions that this government will take as part of our strategy are set out below. While these policies and proposals will drive emissions down throughout the next decade, our focus is on the areas where we need to do more to achieve the fifth carbon budget through domestic action in the UK.

Through preparing this strategy, we have identified areas where we will need to see the greatest progress, both through technological breakthroughs and large-scale deployment, if we are to meet the fifth carbon budget through domestic action.

Accelerating clean growth

1) Develop world leading Green Finance capabilities, including by:

* setting up a Green Finance Taskforce to provide recommendations for delivery of the public and private investment we need to meet our carbon budgets and maximise the UK’s share of the global green finance market

1. working with the British Standards Institution to develop a set of voluntary green and sustainable finance management standards
2. providing up to £20 million to support a new clean technology early stage investment fund
3. working with mortgage lenders to develop green mortgage products that take account of the lower lending risk and enhanced repayment associated with more energy efficient properties

Improving business and industry efficiency – 25% of UK emissions

2) Develop a package of measures to support businesses to improve their energy productivity, by at least 20% by 2030, including by:

* following the outcome of the independent review of building regulations and fire safety, and subject to its conclusions, we intend to consult on improving the energy efficiency of new and existing commercial buildings

1. consulting on raising minimum standards of energy efficiency for rented commercial buildings
2. exploring how voluntary building standards can support improvements in the energy efficiency performance of business buildings, and how we can improve the provision of information and advice on energy efficiency to SMEs
3. simplifying the requirements for businesses to measure and report on energy use, to help them identify where they can cut bills

3) Establish an Industrial energy efficiency scheme to help large companies install measures to cut their energy use and bills

4) Publish joint industrial decarbonisation and energy efficiency action ***plans*** with 7 of the most energy intensive industrial sectors

5) Demonstrate international leadership in carbon capture usage and storage (CCUS), by collaborating with our global partners and investing up to £100 million in leading edgeCCUSand industrial innovation to drive down costs

6) Work in partnership with industry, through a newCCUSCouncil, to put us on a path to meet our ambition of having the option of deployingCCUSat scale in the UK, and to maximise its industrial opportunity

7) Develop our ***strategic*** approach to greenhouse gas removal technologies, building on the government’s ***programme*** of research and development and addressing the barriers to their long term deployment

8) Phase out the installation of high carbon forms of fossil fuel heating in new and existing businesses off the gas grid during the 2020s, starting with new build

9) Support the recycling of heat ***produced*** in industrial processes, to reduce business energy bills and benefit local communities

10) Innovation:

* invest around £162 million of public funds in research and innovation in Energy, Resource and Process efficiency, including up to £20 million to encourage switching to lower carbon fuels

1. support innovative energy technologies and processes with £14 million of further investment through the Energy Entrepreneurs Fund

Improving our homes – 13% of UK emissions

Improving the energy efficiency of our homes

11) Support around £3.6 billion of investment to upgrade around a million homes through the Energy Company Obligation (ECO), and extend support for home energy efficiency improvements until 2028 at the current level ofECOfunding

12) We want all fuel poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 and our aspiration is for as many homes as possible to beEPCBand C by 2035 where practical, cost-effective and affordable

13) Develop a long term trajectory to improve the energy performance standards of privately rented homes, with the aim of upgrading as many as possible toEPCBand C by 2030 where practical, cost-effective and affordable

14) Consult on how social housing can meet similar standards over this period

15) Following the outcome of the independent review of building regulations and fire safety, and subject to its conclusions, we intend to consult on strengthening energy performance standards for new and existing homes under building regulations, including futureproofing new homes for low carbon heating systems

16) Offer all households the opportunity to have a smart meter to help them save energy by the end of 2020

Rolling out low carbon heating

17) Build and extend heat networks across the country, underpinned with public funding (allocated in the Spending Review 2015) out to 2021

18) Phase out the installation of high carbon fossil fuel heating in new and existing homes currently off the gas grid during the 2020s, starting with new homes

19) Improve standards on the 1.2 million new boilers installed every year in England and require installations of control devices to help people save energy

20) Invest in low carbon heating by reforming the Renewable Heat Incentive, spending £4.5 billion to support innovative low carbon heat technologies in homes and businesses between 2016 and 2021

21) Innovation: Invest around £184 million of public funds, including two new £10 million innovation ***programmes*** to develop new energy efficiency and heating technologies to enable lower cost low carbon homes

Accelerating the shift to low carbon transport – 24% of UK emissions

22) End the sale of new conventional petrol and diesel cars and vans by 2040

23) Spend £1 billion supporting the take-up of ultra low emission vehicles (ULEV), including helping consumers to overcome the upfront cost of an electric car

24) Develop one of the best electric vehicle charging networks in the world by:

* investing an additional £80 million, alongside £15 million from Highways England, to support charging infrastructure deployment

1. taking new powers under the Automated and Electric Vehicles Bill, allowing the government to set requirements for the provision of charging points

25) Accelerate the uptake of low emission taxis and buses by:

* providing £50 million for the Plug-in Taxi ***programme***, which gives taxi drivers up to £7,500 off the purchase price of a new ULEV taxi, alongside £14 million to support 10 local areas to deliver dedicated charge points for taxis

1. providing £100 million for a national ***programme*** of support for retrofitting and new low emission buses in England and Wales

26) Work with industry as they develop an Automotive Sector Deal to accelerate the transition to zero emission vehicles

27) Announce ***plans*** for the public sector to lead the way in transitioning to zero emissions vehicles

28) Invest £1.2 billion to make cycling and walking the natural choice for shorter journeys

29) Work to enable cost-effective options for shifting more freight from road to rail, including using low emission rail freight for deliveries into urban areas, with zero emission last mile deliveries

30) Position the UK at the forefront of research, development and demonstration of Connected and Autonomous Vehicle technologies, including through the establishment of the Centre for Connected and Autonomous Vehicles and investment of over £250 million, matched by industry

31) Innovation: Invest around £841 million of public funds in innovation in low carbon transport technology and fuels including:

* ensuring the UK builds on its strengths and leads the world in the design, development and manufacture of electric batteries through investment of up to £246 million in the Faraday Challenge

1. delivering trials of Heavy Goods Vehicle (HGV) platoons, which could deliver significant fuel and emissions savings

Delivering Clean, Smart, Flexible Power – 21% of UK Emissions

32) Reduce power costs for households and businesses by:

* implementing the smart systems ***plan***, which will help consumers to use energy more flexibly and could unlock savings of up to £40 billion to 2050

1. working with Ofgem and National Grid to create a more independent system operator to keep bills low through greater competition, coordination and innovation across the system
2. responding to the forthcoming independent review into the cost of energy led by Professor Dieter Helm CBE
3. publishing a draft bill to require Ofgem to impose a cap on standard variable and default tariffs across the whole market

33) Phase out the use of unabated coal to ***produce*** electricity by 2025

34) Deliver new nuclear power through Hinkley Point C and progress discussions with developers to secure a competitive price for future projects in the pipeline

35) Improve the route to market for renewable technologies such as offshore wind through:

* up to £557 million for further Pot 2 Contract for Difference auctions, with the next one ***planned*** for spring 2019

1. working with industry as they develop an ambitious Sector Deal for offshore wind, which could result in 10 gigawatts of new capacity, with the opportunity for additional deployment if this is cost effective, built in the 2020s

36) Target a total carbon price in the power sector which will give businesses greater clarity on the total price they will pay for each tonne of emissions. Further details on carbon prices for the 2020s will be set out in the Autumn 2017 Budget

37) Innovation: Invest around £900 million of public funds, including around:

* £265 million in smart systems to reduce the cost of electricity storage, advance innovative demand response technologies and develop new ways of balancing the grid

1. £460 million in nuclear to support work in areas including future nuclear fuels, new nuclear manufacturing techniques, recycling and reprocessing, and advanced reactor design
2. £177 million to further reduce the cost of renewables, including innovation in offshore wind turbine blade technology and foundations

Enhancing the benefits and value of our natural resources – 15% of UK emissions

38) As we leave the EU, design a new system of future ***agricultural*** support to focus on delivering better environmental outcomes, including addressing climate change more directly

39) Establish a new network of forests in England including new woodland on farmland, and fund larger-scale woodland and forest creation, in support of our commitment to plant 11 million trees, and increase the amount of UK timber used in construction

40) Work towards our ambition for zero avoidable waste by 2050, maximising the value we extract from our resources, and minimising the negative environmental and carbon impacts associated with their extraction, use and disposal

41) Publish a new Resources and Waste Strategy to make the UK a world leader in terms of competitiveness, resource productivity and resource efficiency

42) Explore new and innovative ways to manage emissions from landfill

43) Support peatland through a £10 million capital grant scheme for peat restoration

44) Innovation: Invest £99 million in innovative technology and research for agri-tech, land use, greenhouse gas removal technologies, waste and resource efficiency

Leading in the public sector – 2% of UK emissions

45) Agree tighter targets for 2020 for central government and actions to further reduce greenhouse gas emissions beyond this date

46) Introduce a voluntary public sector target of a 30% reduction in carbon emissions by 2020 to 2021 for the wider public sector

47) Provide £255 million of funding for energy efficiency improvements in England and help public bodies access sources of funding

Government leadership in driving clean growth

48) Work with businesses and civil society to introduce a ‘Green Great Britain’ week to promote clean growth

49) Reinstate a regular Clean Growth Inter-Ministerial Group responsible for monitoring the implementation of this Strategy and driving ambitious clean growth policies

50) Report annually on our performance in deliveringGDPgrowth and reduced emissions through an ‘Emissions Intensity Ratio’

4. Investment in innovation for clean growth

To achieve the clean growth we want, the UK will need to nurture low carbon technologies, processes and systems that are as cheap as possible.

It is only through innovation that we will see new technologies developed and the cost of clean technologies come down.

5. Tracking our progress

We want to deliver increased economic growth and reduced emissions. We have developed an Emissions Intensity Ratio (EIR) to measure our clean growth performance which we will publish each year so we can track progress. To reach our 2032 targets we will need to drive the emissions intensity of the economy down by an average of 5% per year to 2032, an acceleration in the 4% annual fall since 199031.

The Emissions Intensity Ratio (EIR)

This measures the amount of greenhouse gases (tonnes of carbon dioxide equivalent) ***produced*** for each unit of Gross Domestic Product (GDP) created. Currently theEIRis 270 tonnes/£ million and it was 720 tonnes/£ million in 1990. By 2032, we expect theEIRwill need to be nearly as low as 100 tonnes/£ million to meet our ambitions.

6. Next steps

This strategy is not the end of the process. While this is an important milestone in our work to decarbonise the UK while growing our economy, our approach will develop and adapt to changing circumstances. We will update key elements of the strategy in line with our annual statutory responses to the Committee on Climate Change’s reports on progress, ahead of setting the sixth carbon budget by 30 June 2021.

We will also launch the following government consultations during 2017 and 2018 on:

* the design of a new industrial heat recovery ***programme***

1. making the private rented sector energy efficiency regulations more effective, and setting longer term energy performance standards across both the domestic private and social rented sectors
2. a streamlined and more effective energy and carbon reporting framework for UK businesses to help them identify where they can cut bills
3. a package of measures to support businesses to improve how productively they use energy
4. our ***strategic*** approach to the aviation sector in a series of consultations over the next 18 months

A full list of the actions and milestones arising from this strategy is set out at Annex B. Many of the future actions the government will be taking, expanding on the proposals above, will be set out in the 25 Year Environment ***Plan***, which will be designed to be a sister document to this Strategy, and in a long term strategy for the UK’s transition to zero road vehicle emissions. Taken together, these set out the government’s approach to fulfilling its commitment to leave the environment in a better state than it inherited. Along with the Industrial Strategy White Paper, to be published later in 2017, these will form a critical part of our future progress.

The government cannot achieve the changes needed to our economy by itself. Outside action on public sector emissions, the government’s key role is to set the framework for action across the economy. Beyond that, clean growth has to be a shared endeavour between government, business, civil society and the British people. Creating this supportive environment will help attract the domestic and international investment the UK wants. Therefore from 2018 we will work with private partners andNGOsto introduce a Green Great Britain Week.

6.1 Green Great Britain Week

An annual event to:

* focus on climate and air quality issues across the UK

1. demonstrate our progress and successes on climate action
2. share the latest climate science
3. highlight and promote economic opportunities arising from clean growth especially to international investors

7. Feedback

We welcome views and comments on our approach and these should be sent to [*CleanGrowthStrategy@beis.gov.uk*](mailto:CleanGrowthStrategy@beis.gov.uk) by 31 December 2017. Views received in response to both this strategy and the detailed policy proposals which will follow it, will be considered as we update key elements of our strategy before setting the sixth carbon budget by 30 June 2021.

8. End notes

* There are several greenhouse gases (GHGs) that contribute to climate change, the most abundant of which is carbon dioxide. Because of this, we measure emissions of GHGs in terms of millions of tonnes of carbon dioxide equivalent (Mt). One tonne of carbon dioxide fills roughly the same space as a small house. ↩

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**Body**

Zagreb, 26 January 2018 (Hina) - Plenkovic: Israeli PM might visit Croatia this summerZAGREB, Jan 25 (Hina) - Croatian Prime Minister Andrej Plenkovic met with his Israeli counterpart Benjamin Netanyahu on the margins of the World Economic Forum in Davos on Thursday.They discussed ways of increasing economic and political cooperation between the two countries, and Plenkovic announced that Netanyahu might visit Croatia this summer."I expect further development of cooperation with Israel, particularly in ***agriculture*** and as part of Mediterranean cooperation. We have also offered cooperation in shipbuilding, but that would require further engagement, and of course cooperation in political multilateral forums and defence cooperation," Plenkovic told the press.The Croatian prime minister visited Israel last year, when he invited Netanyahu to visit Croatia."I expect Prime Minister Netanyahu will visit Croatia before the end of this year, possibly in June or July," Plenkovic said. "I think that will be an important signal for strengthening Croatian-Israeli relations," he added.Plenkovic also met with Greek Prime Minister Alexis Tsipras and Dutch Prime Minister Mark Rutte.Speaking of Greece, Plenkovic stressed the need to boost economic cooperation with that country. "We need to strengthen our cooperation in the Adriatic-Ionian basin and make use of the EU strategy for that area, that is the Adriatic-Ionian Initiative, and increase economic, energy and transport corridors in this part of Europe."The meeting with Rutte, whose country is among major investors in Croatia, focused on cooperation within the EU and on all aspects relating to Croatia and EU enlargement, notably a new enlargement strategy which the European Commission is expected to announce in two weeks.Asked by the press about EU-US relations in light of statements by EU leaders against a policy of protectionism, Plenkovic said that relations with the United States were important and that despite the policy of US President Donald Trump, summarised in the slogan "America First", the US always put emphasis on cooperation at the global level."Relations with America are important.

The EU is a champion of multilateralism, seeking consensus and to be inclusive. The discontent is primarily due to the fact that Americawithdrew from the Paris agreement on climate change, a signal that was not approved by any of the EU member states. However, I haven't noticed that anyone has anything against the US president coming to Davos. On the contrary, US Congressmen have said today that 'America First' doesn't mean America without its partners and without cooperation at the global level," Plenkovic said.The 48th World Economic Forum Annual Meeting, which kicked off on Tuesday, brought together over 2,500 participants and 70 world leaders, including all European leaders -- French President Emmanuel Macron, German Chancellor Angela Merkel, British Prime Minister Theresa May and Italian Prime Minister Paolo Gentiloni. On Tuesday, the Forum was addressed by the Prime Minister of India, Narenda Modi.U.S. President Donald Trump is scheduled to address the event on Friday.Plenkovic is scheduled to take part in three debates at the Forum. He will also be present when President Trump addresses the event.PM says multinational companies want to invest in CroatiaZAGREB, Jan 25 (Hina) - Croatian Prime Minister Andrej Plenkovic said in Davos on Thursday that multinational companies were interested in investing in Croatia, which he described as an investment-friendly country, the government said in a statement.On Thursday and Friday Plenkovic is attending the World Economic Forum, the traditional meeting of world leaders and business people in the Swiss ski resort.Plenkovic is expected to meet with Matt Brittin, Google's President of Business & Operations in Europe, the Middle East and Africa; Christoph Franz, President of the Swiss healthcare company F. Hoffmann - La Roche AG; Gillian Tans, President and CEO of Booking.com; and Ferit F. Sahenk, President of the Turkish Dogus Group.All these companies are very much interested in Croatia as a country whose economy has been developing and which offers very favourable conditions for further investments, Plenkovic said before the meetings.He said that he would meet the president of the European Investment Bank to discuss the continuation of cooperation in numerous projects that were expected to contribute to regional development and better absorption of EU funds.Earlier in the day, Plenkovic met with the prime ministers of Israel, Greece and the Netherlands to discuss ways of advancing economic and political relations.He also took part in an informal meeting of world leaders focusing on the topic "Creating a Shared Future in a Fractured World", which is the slogan of this year's World Economic Forum.Speaking of that discussion, Plenkovic said that it focused on global development goals in the period until 2030, that is, efforts to link positive global economic trends with better social policies in order to make the principle of solidarity more visible in the context of the issue of inequality.Bozinovic: Every country has right to decide who to allow into its territoryZAGREB, Jan 25 (Hina) - Croatia's Minister of the Interior, Davor Bozinovic, speaking at an informal meeting of the EU Justice and Home Affairs Council in Sofia on Thursday, said that every country had a sovereign right to protect its borders and decide who to allow into its territory.The migration crisis of 2015 highlighted the need to reform the Common European Asylum System (CEAS) to make it uniform, more effective and more resilient to migratory pressures and prevent its abuse. Pursuant to the European Council decision of December 2017, an agreement on the reform should be reached by June this year.Croatia supports the reform of the CEAS, as well as of the Dublin Regulation, but the member states should not be overburdened with the redistribution of asylum seekers, and solidarity should be within the capabilities of each member state, Bozinovic said according to a press release from the Ministry of the Interior.The Dublin Regulation determines the member state responsible for examining an asylum application and defines quotas for redistribution in case of the uneven distribution of asylum applications among member states.The informal meeting also discussed guidelines on the EU position in negotiations on a Global Compact on Migration. Adoption of the Global Compact on Migration is required by theNew York Declaration for Refugees and Migrants, adopted at the UN Summit on Refugees and Migrants in September 2016.Its purpose is to improve migrant management at the global level.Bozinovic stressed the need for good migration policies in order to make migrations safe and well managed and to reduce human trafficking and migrant smuggling. He said that at this point agreed relocation and resettlement were legal avenues for migration.Bozinovic said that under the relocation plan40 migrants had been relocated from Turkey to Croatia last year and an additional 42 Syrian refugees were being relocated from Turkey to Croatia today. He said that in relocating refugees and migrants it was necessary to take into account the needs of the labour market, education, recognition of qualifications and inclusion of migrants into the welfare system.Bozinovic noted that Croatia had made considerable progress in integrating migrants in recent months in cooperation with the International Organisation for Migration and the private sector.The meeting also discussed integrated border management, which Bozinovic said was key to the normal functioning of the Schengen area. He said that this was especially important for Croatia as the EU member with the longest external border which aims to join the Schengen area of passport-free travel in the foreseeable future.Croatia has recently stepped up control of its eastern border by opening the Border Police Training Centre at Spacva. It plansto set up similar centres at other locations and conduct training ***programmes*** together with the European Border Guard and Coast Guard and experts from EU member states, Bozinovic said.Bozinovic also called for closer cooperation with EU membership candidate countries in border and migration management, especially with regard to the readmission of refugees and migrants.Croatian and Austrian ministers meet on margins of conferenceOn the margins of the meeting, Bozinovic met with Austrian Interior Minister Herbert Kickl. They discussed migration, the situation in Southeast Europe, and future cooperation between Croatia and Austria as part of Croatia's preparations to assume the rotating EU presidency in the first half of 2020.Bozinovic and Kickl agreed to hold a bilateral meeting in February ahead of the Salzburg Forum as theCentral European security partnership of Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.Croatian minister, European commissioner discuss directive on passenger name recordZAGREB, Jan25(Hina) - After an informal meeting of the EU Justice and Home Affairs Council in Sofia on Thursday, CroatianMinister of the Interior, Davor Bozinovic, held talks with the European Commissioner for the Security Union, Julian King, whom he informed of the progress Croatia has made in the implementation of the EU directive on the use of Passenger Name Record (PNR) data.The Ministry of the Interior recalls that a bill on the transfer and processing of data on passengers in air transport had been drawn up with the aim of preventing, discovering, investigating and prosecuting terrorism and other serious types of crime. The bill was put to public consultation and a procedure was launched to buy a computer system to be used for the exchange of data with airlines, EU member-states, and Europol.The bill is to be submitted to the government for consideration in early February and the parliament is expected to finish a discussion on it by the end of the first quarter, the ministry said.The ministry has set up an office for passenger information, which is to have a staff of 18, working 24 hours a day in shifts.Commissioner King said the European Commission was willing to provide additional practical support so that Croatia could create all conditions for the implementation of the directive in a timely manner.A more detailed assessment of Croatia's progress in implementing the directive is expected at a meeting of Croatian and EC representatives, to be held in Zagreb on Friday, the ministry said.Croatian court delays extradition of Turkish Kurd to TurkeyZAGREB, Jan 25 (Hina) - The Croatian Constitutional Court on Thursday delayed, due to the complexity of the case, the extradition of Nurettin Oral, a Turkish Kurd refugee from Switzerland, to Turkey, where, according to Oral, he faces the threat of life imprisonment for "disrupting national unity and territorial integrity".The court accepted the applicant's position that he could suffer grave and irreparable consequences if denied the right to a fair trial, and it also took into account that he has refugee status in Switzerland and that he has been in extradition custody in Croatia.The Constitutional Court granted the motion to delay Oral's extradition, noting that the complexity of the case required an analysis of the case file and the applicant's extensive complaints.Nurettin Oral, who is currently in custody in Osijek and has residence in Bern, filed a complaint of unconstitutionality to challenge rulings made by the Osijek County Court and the Supreme Court in proceedings launched to determine whether conditions had been met for his extradition to Turkey.Turkey wants Oral for disruption of national unity and territorial integrity, a crime defined by its penal and anti-terrorism laws, which is equivalent to crimes against humanity and human dignity - terrorism - in Croatia's Penal Code.Oral said in his complaint that in its decision to allow his extradition the Supreme Court stated that the fact that he had obtained refugee status in Switzerland was not a decisive element in approving his extradition, which he described as a blanket and incorrect explanation given that Croatia's obligation to recognise a person's refugee status arose from international treaties that had precedence over national laws, which was why Croatia had the obligation to decline his extradition to Turkey despite the fact that Switzerland was not an EU country.Oral also stated that Turkey charged him with a criminal act that was of a political nature and that his right to a fair trial would definitely be violated, as well as that the crime in question carried a sentence of aggravated life imprisonment.PM: We are aware of problems but proud of positive achievementsZAGREB, Jan 25 (Hina) -Prime Minister Andrej Plenkovic said on Thursday that hiscabinetwas aware of the problems that existed in the country, including the problem of citizens with blocked accounts, which's why a distress bill was being prepared, and he underscoredthe government wasproud of its macroeconomic achievements which hada concrete positive impact on citizens."Thegovernment is aware of the problems that exist, however it is proud of achievements and we will clearly highlight and articulate those achievements," Plenkovic said in Davos at the traditional World Economic Forum.Reporters asked him to comment on statements by President Kolinda Grabar-Kitarovic earlier in the day when she said that she was pleased that a new distress bill was being prepared but warned that there were still 320,000 blocked citizens and that people were leaving the country and that Croatia needed other measures to ease the burden on businesses.Plenkovic reiterated that the government perhaps was not speaking sufficiently about its achievements, which,he added, werenot that visible in the media.He underscored the tax reform and the fact that many people havehigher incomes as a result. He added that in two years the government had twice increased the minimum wage by 5% and that the average pay had increased and that "consumption shows that people have higher incomes." He emphasised the "lowest ever" unemployment rate, growing employment rate, reduction of the public debt and the statebudget surplus."All this indicates that the macroeconomic effects are having a concrete impact on citizens," the prime minister underlined.He added that the government was absolutely aware that some of the citizens had their accounts blocked. "That is why we have a ***plan*** for a new distress law and that is why we wish to see what categories of debtors there are, a relatively large number of them have small debts and then there is a second category of those with higher debts. These are all topics that the Justice Ministry is working on," he said.The President said that the work of administration needs to be improved because "opening a company or new jobs is complicated in Croatia compared to other EU member states," while Plenkovic said that in that regard, efforts were being made to ensure that state administration was at the service of citizens."With regard to state administration, I believe that we are endeavouring to make that a real service for citizens, so that everything they require at any level is provided as soon as possible in the best possible way," he said.President talks with entrepreneurs in Krapina-Zagorje CountyZAGREB, Jan 25 (Hina) - On Thursday, the second dayof her three-day visit to Krapina-Zagorje County, President Kolinda Grabar-Kitarovic met with entrepreneurs in thatcounty andexpressed her satisfaction with the good results achieved by business people in that region,particularly those focused on exports."Croatia's economy has to rest upon its exports, products with added value and original Croatian productsthat can and must make Croatia recognisable," Grabar-Kitarovic underscored in her talk to business people and added that tourism waswelcome, however, a solid economy must be based on production and high technology.She mentioned the trend ofdecreasing unemployment and growingemployment with Krapina-Zagorje County being among those with the best results in Croatia. The president especially emphasised the importance of creating new jobsthat define economic strength.She touched on the problem of the lack of quality labour force which, according to her, is not just the resultof decliningunemployment but also of young people emigrating.The president noted that one of the problems is the discrepancy between education and labour market demands."I welcome scholarshipsfor occupations in short supply, particularly, for metal manufacturing, textile and food personnel,", Grabar-Kitarovic said in her address and called for investments and new jobs.Local entrepreneurs informed the President of their experiences, business successes and challenges as well as the problems that need to be resolved for the county's further economic development and of the country overall.Increasingly better resultsThe head of the county's branch of the Croatian Chamber of Commerce, Josip Grilec, informed the President of the basic indicators and numbers related to the county's economy which are continuously improving.According to the latest officialstatistics for 2016, there were 1,975 companies doing business in Krapina-Zagorje County with a total of 19,309 employees. Their total revenue amounted to HRK 11.05 billion with a total expenditure of HRK 10.41 billion. Total revenue increased by 9.8% while expenditure increased by 8.3% on the year. Gross profit in 2016 amounted to HRK 640.8 million. Of the total number of entrepreneurs in the county, 74.2% closed the the year with a profit. The number of businesses in the county increased by 8% and the number of people employed was up 6.6% y-on-y.Revenue from exports amounted to HRK 3.54 billion, which is an increase of 10.3% compared to 2015. At the same time imports amounted to HRK 2.01 billion resulting with a positive difference of HRK 1.53 billion.The main economic branch in the county is in the manufacturing industry which accounts for almost half of the county's entire revenue (47.85%), followed by trade with a share of 23.94% and by transport and storage (8.43%).President expresses support to workers at AquafilCRO after fire consumes warehousePresident Kolinda Grabar-Kitarovic visited the AquafilCRO thread company in Oroslavje, 40 kilometres north of Zagreb, on Thursday after its warehouse burnt down in a fire early in the morning.The president expressed her support to the workers and management and praised the prompt response from firefighters who prevented the fire from spreading to the production unit.She also praised local companies for showing solidarity by offering their storage facilities until AquafilCRO built a new warehouse.AquafilCRO has about 200 workers and none of them were injured in the fire, management board member Sasa Muminovic told Hina.The cause of the fire is being investigated and the damage is yet to be assessed. Muminovic said that the damage was huge because the warehouse was full of production material and finished products."We expect production to be back to normal within a few days because the production unit was not damaged," Muminovic said.Earlier on Thursday, Grabar-Kitarovic visited Veliko Trgovisce, the birth place of the first president of independent Croatia, Franjo Tudjman, where she laid a wreath and lit a candle in his honour.Sisak-Moslavina County expecting large-scale transport investmentsZAGREB, Jan25(Hina) - Large investments in transport infrastructure are about to be made in Sisak-Moslavina County, Transport and Infrastructure MinisterOleg Butkovicsaid at a signing ceremony for a grant to prepare a transport development masterplan for the county.The HRK 7.04 million contract, 85% of which is an EU grant, will enable the preparation of a regional ***strategic*** transport document. The document will serve as a starting point for further development and ***plans*** for transport projects, better connectivity and increased accessibility and safety.An analysis of existing and future transport needs in cities and municipalities in the county will be conducted to define objectives and measures that will serve to launch development and transport infrastructure projects, Minister Butkovic said.This is the 21st grant agreement that the ministry has concluded, he added.Citing some of the transport projects ***planned*** for the county, Butkovic mentioned the construction of a new bridge across the Odra River and a road connecting Sisak with the Zagreb-Sisak motorway. That project is valued at HRK 200 million and this year HRK 50 million will be invested in it.Butkovic announced that the ministry plannedto launch negotiations with international financial institutions to obtain funding for the completion of several unfinished motorway sections, including one running from Lekenik to Sisak.President of the Management Board of the Hrvatske Ceste road authority, Josip Skoric, explained that HRK 27 million had been invested in the county road network over a four-year period until 2015.Sisak-Moslavina County PrefectIvo Zinicexplained that the masterplan would be completed by the end of 2019, which, he said, will enable further ***plans*** for road construction and maintenance.Croatian ministry and company inkmemoof understanding with Spanish rail managerZAGREB, Jan25(Hina) - The transport and infrastructure ministry and the Spanish rail managerADIF on Thursday signed a memorandum of understanding to establish cooperation in developing a Mediterranean rail corridor, one of the EU's nine main transport corridors, the Croatian company HZ Infrastruktura said on Thursday.The memorandum was signed in Madrid by a Croatian delegation led by the State Secretary at theMinistry of Maritime Affairs, Transport and Infrastructure, Nikolina Brnjac.The visit by the Croatian delegation was prompted by an initiative of the two countries to promote together the development of their rail sectors.The two sides agreed on cooperation in sector ***planning***, implementation of the European Rail Traffic Management System (ERTMS), development of intermodal transport and development of logisticsareas and cargo terminals.The two countries will also cooperate in ***planning***, designing, building and maintaining railway energy, signalling and communication systems, and their representatives also discussed cooperation in developing railway stations, the Croatian ministry said in a statement.The Croatian delegation also met with representatives of the Spanish Ministry of Transport and Construction to discuss possibilities of cooperation in the future expansion of the Mediterranean corridor. This is an initiative in which Croatia wants the Mediterranean corridor, aside from the proposal to include Ploce, to cover also the Lika railway toconnect the ports of Zadar, Sibenik and Split with the corridor, the ministry statement said.Tourism board expects double-digit figures for Polish visitors to CroatiaZAGREB, Jan 25 (Hina) - The Polish market is important for Croatia's tourism and this year a double-digit rise in the number of Polish visitors to Croatia is expected, it was saidon Thursdayat a Croatian Tourism Board (HTZ) business workshop in Warsaw, which was attended by 50 participants from Poland and 26 participants from Croatia.In 2017, Croatia sawmore than 970,000 Polish guests who generated 6.3 million overnight stays, which is an increase of 20%, and that market ranked fourth in terms of tourism turnover, the HTZ said in a press release.HTZ director Kristjan Stanicic underscored that Polishtourists mostly travelled to destinations in Dalmatia and that they preferred family-run accommodation. In2017 they generated 4 million bed nights in this type of accommodation.The HTZ added that good announcements by some of the largest tour operators and agencies in Poland, including TUI,Neckermann and Rainbow Tours, were confirmed at the workshop. During talks with the director of the HTZbranch in Poland,AgnieszkaAnna Puszczewicz, it was underscored that the Polish demand for Croatian destinations was on the rise for the coming season too.The HTZ also announced that it would attend tourism fairs in the USA, Switzerland, Slovakia and Lithuania.Russian tour operators recommend early bookings for CroatiaZAGREB, Jan25 (Hina) - Russian tour operators are recommending early bookings for summer holidays in Croatia. "If you don't take care of your accommodation in time, you won't be able to book a desired hotel. Package deals currently on sale are until mid-August and tourists are actively using the early booking option," Irina Turina, spokeswoman forthe Russian Travel Industry Union, told Interfax news agency.She said there would be more flights to Croatia this year. In addition to the existing direct Aeroflot flights from Moscow to Zagreb, Pula, Split and Dubrovnik, Siberia Airlines ***plans*** to launch a flight service from Saint Petersburg.Last year 130,000 Russian tourists visited Croatia, 10 percent more than in 2016, and this year their number is expected to increase by 10-12 percent to 150,000.Burilovic reelected HGK chairmanZAGREB, Jan25(Hina) - Luka Burilovic was reelected on Thursday as chairman of the Croatian Chamber of Commerce(HGK) for a four-year term.Burilovic, who was one of three candidates, received 80 votes of a total of 90 at the election assembly.The other two contestants were Marin Lovrovic and Davor Poljak.In early Janaury, the Chamber invited applications for the position of chairman of this professional association of business people for the 2018-2022 term.Burilovic first came to the helm of the HGK on 3 March 2014. Before him, the HGK was led by Assistant Economy Minister Sabina Skrtic from November 2013 until Burilovic's appointment. Skrtic succeeded long-standing chairman, Nadan Vidosevic, who was relieved of the duty following an indictment against him on suspicion that he siphoned 39 million kuna from the association during his 18-year-long chairmanship.The HGK is an independent professional and business organisation of all legal entities engagingin business. "The Chamber consists of the Headquarters in Zagreb and 20 County Chambers," according to the information available on the HGK web site. Functionally, the Chamber "consists of 9 departments dealing with the respective branch of the economy, 51 professional associations, 57 groups and 26 affiliations."Upon his reelection today, Burilovic said thatthe focus of the HGK in the coming period would be put on internationalisation of the Croatian economy aimed at boositing exports, ecouragement of reforms, notably in the educaton and dual education, and on digitisation of services.Peljesac bridge contractor successfully completing first section of Montenegrin motorwayZAGREB, Jan 26 (Hina) - Work on the most difficult stretch of Montenegro's first motorway to run from the port of Bar to Boljare on the border with Serbia, which is being built by the China Road and Bridge Corporation (CRCB) that will also build the Peljesac bridge in Croatia, will be finished according to schedule, in May 2019, Montenegro's Minister of Maritime Affairs and Transport, Osman Nurkovic, has said.Croatia recently chose the CRBC to build the Peljesac bridge, a structure of more than two kilometres in length that will connect Croatia's southernmost regions with the rest of the country by bypassing Bosnia and Herzegovina's territory.The Chinese company's bid, worth HRK 2.08 billion and with a completion deadline of 39 months, was more favourable than bids submitted by Austria's Strabag and a consortium comprising an Italian and a Turkish company.Nurkovic said that the Montenegrin government was satisfied with the Chinese partner and their subcontractors from Montenegro, countries in the region and other countries, as well as with the quality of work of domestic workers hired for the project, which, he said, confirmed the contractor's assurances that the project would be finished on time.Working on the project are companies from China, Croatia, Italy, Sweden, Germany, Great Britain, France, Denmark, the Czech Republic and Hungary with a total of 3,048 workers - 1,886 Chinese and 1,162 workers from Montenegro and other countries of the region.Nurkovic said that the quality of work on the motorway was very good and in line with the contract.Montenegrin Prime Minister Dusko Markovic has said that the government has been working intensively on continuing the project after the completion of the first stretch, which runs from the capital city of Podgorica to Matesevo.The stretch is 41 kilometres long and includes 45 bridges and viaducts and 32 tunnels, and its contract price is EUR 809.6 million."At my meeting with Chinese Prime Minister Li Keqiang at the end of last year we agreed that our countries and governments want to continue, after the priority section of the Bar-Boljare motorway is completed, with the construction of other sections according to the model of public-private partnership between Montenegro and interested Chinese companies.""The successful completion of the first and most difficult section is the best recommendation to continue the cooperation," said the Montenegrin PM.Defence minister says amended legislation set to make army strongerZAGREB, Jan25(Hina) - Defence Minister Damir Krsticevic, who on Thursday informed lawmakers of the proposed amendments to the Defence Law, said that the changes were aimed at upgrading and enhancing the defence system and at making Croatia's armed forcesstronger and readyfor future challenges, whereas a part of the Opposition expressed suspicion that the changes would actually usher in conscription.The purpose of the proposed changes is to broaden the legislative basis for more efficient activity of the defence sectorthat is supposed to take over a key role in the homeland security system, in line with the requirements laid down in the National Security Strategy and the legislation on the homeland security system, he said.The amendments envisage mandatory reservist duty, with contractual and mobilised reservist units.During 2017, over 10,000 people underwent 10-day training as reservists, and this year the number is to increase to 20,000 according to Krsticevic's explanation. The minister also underscored the figures showing a rising interest in voluntary military training.Vesna Pusic of the opposition GLAS party raisedthe question whether this could in fact be the first steps to reintroduceconscription after it was abolished in 2007."If (the government) reassures us that that is not the case, we will vote for the amended legislation," said Pusic, a former foreign minister.Social Democrat (SDP) lawmaker Franko Vidovic expressed fear that this could be the further militarisation of the defence and security system to the detriment of the civilian sector. The SDP MP criticised the engagement of the army in efforts to put out wildfires as a stopgap measure.The minister responded that the Croatian armed forces had three basic tasks: defending the country, providing collective security and offering assistance to civilian institutions.The intention is to upgrade the system in the present-day context, Krsticevic said adding that conscription was not abolished but frozen.Bridge lawmaker Ines Strenja Linic said that Croatia should build reservist forces according to the model of the U.S. National Guard.Both the ruling majority and the Opposition welcomed the proposed amendments to the legislation on the service in the armed forces aimed at enhancing the standards and work conditions of service-people and improving conditions for their professional development.Ruling coalition and Opposition fine-tuning rules of procedure for SaborZAGREB, Jan25(Hina) - The Croatian parliament 's Committee on the Constitution, Standing Orders and Political System on Thursday discussed the proposed changes to the Standing Ordersof the national legislature and a draft code of ethics for lawmakers, and the proposals are now being fine-tuned.According to the proposals tabled by the ruling Croatian Demcoratic Union (HDZ), Question Time is to be held oncea month, limiting the number of questions to 15, with 8 of them to be asked by the Opposition and 7 by the governingmajority's deputies.Currently, Question Time ushers in anew session, which means it is held four times a year, whereas the new proposal would enable 11 Question Times per year, the committee's chairman Zeljko Reiner said.In addition, the new Standing Orders will regulate the institute of rebuttal in a new fashion so as to put an end tothe current practice in which rebuttals have become a dominant form of the parliamentary discussion.Reiner cited the statistics which he labelled as bizarreas the data showthat since the beginning of the term of the current 9th Sabor, there have been some 12,500 rebuttals and counter-rebuttals, while individual discussions have come to 690, although the latterare supposed to be the main form in which lawmakers take the floor, Reiner said.Social Democrat MP, Pedja Grbin, welcomed the frequency of Question Time, however, he expressed dissatisfaction with the restricted time for it.Parl. parties, independent MPs get HRK 53.76 million for their workZAGREB, January 25, 2018 (Hina) - The Parliamentary Committee for the Constitution, Standing Orders and Political System on Thursday decided to allocate HRK 53.76 million of the budgetary funds for the work of parliamentaryparties and independent MPs.This is HRK 2.75 million more than last year when political parties and independent deputies received HRK 51.01 million.The biggest amount was given to the ruling Croatian Democratic Union (HDZ) with 57 MPs (HRK 20.32 million).The Opposition Social Democratic Party with 38 lawmakersreceived HRK 13.46 million, while the Bridge party (14 MPs) received HRK 5 million.SDP official says party's reporting convention could turn into election conventionZAGREB, Jan25(Hina) - Some senior members of the Social Democratic Party (SDP) on Thursday commented on tensions in that biggest opposition party, fuelledby the party's low public rating and SDP leader Davor Bernardic'sunusual campaign for freedom of speech and satire, with party whip Arsen Bauk saying that it was theoretically possible that the party's reporting conventionset for mid-Februarycould turn into an election convention."Judging by what we can see in the media, it would be very brave to say that it won't happen. I am brave, but I'm not brave enoughto predict it. So, theoretically it could happen, but it is also possible that it won'thappen," said Bauk.Asked if Bernardic had done the party more harm or good as its leader, Bauk answered vaguely that Bernardic "is a legally elected president and is doing his job, and the results of his work are evidenced by the party's rating in surveys or elections. At the moment, the party's rating is somewhat lower than it was at the time when Bernardic was elected (SDP chief) and as for elections, they have not been held, so we cannot comment on that."SDP Presidency member Bojan Glavasevic, too, said that there was a possibility Bernardic would be asked tostep down "shoulddelegates at the convention be dissatisfied and should they raise that question". Glavasevic would not speculate on whether that would happen either.Commenting on media speculation that Bernardic's closest associates Zlatko Komadina and Rajko Ostojic had given up on him and were looking for his successor, Glavasevic said that he was not involved "in any behind-the-scenes activity" and that he learned of such speculation only from the media."It is no secret that I and several other party colleagues are an intra-party opposition to the party leader, but that doesn't mean that I'm not constructive and willing to accept his ideas and work on them," said Glavasevic, noting that after a recent party meeting he took over presidency of the party's working group for culture and media.Asked if replacing a party president was good or if it would be better for that person to know when to leave, Glavasevic said that anyone active in politics should have a fully developed sense of personal responsibility and the capacity to analyse situations.Social Democrat member of parliament Sabina Glasovac said that she would support Bernardic in that she would do her best to help define credible partypolicies and positions and make them clear to voters."I want an SDP which people will be able to trust because they will see in it adefence against some social phenomena which they don't want," she said, expressing doubt that the party could regainvoters' trust by changing only its leader."We must face ourselves and identify the problem. I would be very happy if Davor Bernardic was that problem, but I don't think that he is, the problems we need to deal with are muchdeeper," said Glasovac.Ethnic minorities apply for HRK 52M for cultural autonomy, HRK 32.4M availableZAGREB, Jan 25(Hina) - The chairman of the Croatian Council for Ethnic Minorities, Aleksandar Tolnauer, said on Thursday that 19 ethnic minorities had applied for aid for cultural autonomy ***programmes*** in 2018, that HRK 32.4 million of budget funds had been set aside for that purpose, while applications amounted to more than HRK 52 million.Noting that funds were being sought for 1,080 ***programmes***, Tolnauer told a meeting of the Council for Ethnic Minorities that 66 applications referred to information ***programmes*** worth HRK 19 million, that as many applications referred to publishing ***programmes*** worth HRK 2.5 million, and that applications worth 10.6 million were submitted for ***programmes*** of cultural amateurism, as were 495 applications for cultural events worth HRK 14.9 million.The commission in charge of allocating budget funds for ethnic minoritycultural autonomy ***programmes*** is expected to announce its decisions on aid allocation in April.Tolnauer said that he was unpleasantly surprised by the fact that some ethnic minority associations, which last year received around HRK 700,000 in aid, this year sought aid amounting to around HRK 4 million."It is impossible to develop one's activities in cultural autonomy within a single year to theextent that requiresa 400% increase in allocations," he said.The Council also adopted rules of procedure for the commission in charge of budget allocations for cultural autonomy ***programmes*** andprogrammes arising from bilateral agreements.Tolnauer warned that some groups and individuals had worked on creating a false impression that the commission in charge of allocating budget funds for minority ***programmes*** was in a permanent state of conflict of interest and that members of parliament made decisions on financial allocations according to their needs and wishes. "That is not only false, but has nothing to do with reality," said Tolnauer.The vice-president of the Serb National Council (SNV), Sasa Milosevic, called on representatives of ethnic minorities to support the Federal Union of European Nationalities' (FUEN) initiative asking the EU to take concrete action to ensure the survival of all linguistic and ethnic minorities. This requires collecting at least one million signatures in at least seven of the EU's 28 member-countries. Of that number, 10,000 signatures should be collected in Croatia.Milosevic said that the initiative called on European countries to facilitate the use of endangered minority languages, makeEU funds more available to ethnic minorities and enable ethnic minorities to participate more in all social spheres.Serbia to open exhibition on Jasenovac at UN; UN distances itselfZAGREB, Jan 25 (Hina) - Serbian Foreign Minister Ivica Dacic is due to open an exhibition on the Jasenovac concentration camp at the UN headquarters in New York on Thursday evening.Media in Belgrade say that Croatia has tried in every way to stop the exhibition from being staged, but gave up after UN Secretary-General Antonio Guterres personallygave the go-ahead.The UN, however, distanced itself from the content of the exhibition.The exhibition, entitled "Jasenovac - The Right to Remembrance", is the work of a group of historians from seven countries.The Vecernje Novosti newspaper was told by diplomatic sources that the government in Zagreb objected to the display of a photograph of Alojzije Stepinac, the primate of the Catholic Church in Croatia during World War II, the mentioning of his mission to convert Christian Orthodox Serbs to Catholicism, and the number of people killed in Jasenovac.Vecernje Novosti said that Zagreb obviously did not want the world to hear the truth about atrocities committed in Jasenovac, adding that such a stance had prompted Dacic to ask forand receivepermission from the UN Secretary-General to organise the exhibition.However, the UN has said that the content of the exhibition is the organisers' responsibility and that its staging on UN premises does not imply acceptance by the UN.According to a statement by the Serbian Ministry of Foreign Affairs, the exhibition will present Serbia through a Serbian-Jewish multimedia project to mark the International Holocaust Remembrance Day.The exhibition is organised by the GH7 group of historians from seven countries, headed by Israeli professor Gideon Greif, an expert on theconcentration camps Auschwitz, Majdanek, Jasenovac and the Sonderkommand. It will be their first exhibition at the UN 72 years after the end of WWII."The exhibition represents a modest contribution to the preservation of the universal values of humanity and the global efforts of the UN in preventing the revision and rehabilitation of neo-Nazi and neo-fascist ideologies of exclusion and all forms of discrimination and fanaticism," the Serbian Ministry of Foreign Affairs said in a press release on its website.The Serbian-Jewish academic project "Jasenovac" is part of cooperationunder the Memorandum of Understanding signed by the Serbian Ministry of Education and the Shem Olam Holocaust Institute in March 2017with the aim of jointly organising exhibitions, scientific conferences and education ***programmes*** about Jasenovac, the press release says.Survivors of the Jasenovac, Rab and Pag camps were announced as special guests at the opening of the exhibition.Croatia accuses Serbia of disseminating false data through Jasenovac exhibition at UNZAGREB, Jan 25 (Hina) - Croatia's Foreign and European Affairs Ministry on Thursday said that through an exhibition on the Jasenovac concentration camp at the UN headquarters in New York, to be staged on Thursday evening, Serbia "is manipulating and disseminating false information" about that Ustasha-run WW2 concentration camp for "propaganda purposes".The Croatian ministry "condemns the attempt to make use of the UN premises for manipulation and dissemination of false information" through the organisation of the Serbian exhibition about the Jasenovac camp.The ministry stated that it had informed the UN about Belgrade's attempt to spread false data, and after that the organisers were compelled to remove "the grossest falsifications" from the exhibition's content.The United Nations distanced itself from the content of the exhibition, saying that the content was the organisers' responsibility and that the staging of the exhibition on UN premises did not imply acceptance by the UN.The Croatian ministry also underscored that although the content of the exhibition referred mainly to the events that had taken place on the territory of the present-day Croatia, the Serbian side did not inform of it any Croatian institution or expert, including the Jasenovac memorial centre, which, it said, conscientiously managed the memorial site and conducted research about that camp and the atrocities committed there.The ministry underlines that it feels deep respect for all victims of the Ustasha regime and condemns in the strongest terms all atrocities committed by that regime, including those in Jasenovac.It says that in the same vein, it deplores attempts to exploit the suffering of the Jasenovac victims for daily political purposes and propaganda.Serbian Foreign Minister Ivica Dacic is due to open the exhibition on the Jasenovac concentration camp at the UN headquarters in New York on Thursday evening. The exhibition, entitled "Jasenovac - The Right to Remembrance", is the work of a group of historians from seven countries.In other news:Cilic reaches Australian Open finalZAGREB, Jan 25 (Hina) - Croatia's best tennis player, Marin Cilic, has made it to the final at the Australian Open after defeating Briton Kyle Edmund in the semi-finals on Thursday.In the match that lasted 2 hours and 20 minutes, Cilic won6-2, 7-6,6-2 to reach his first Melbourne final, where he will face Roger Federer or Hyeon Chung.This is Cilic's third final in a grand slam after winning the US Open in 2014 and last year's final at Wimbledon.Cilic has played against Federer on nine occasions and only once managed to beat him.He has faced Chung, who is ranked 58th on the ATP ladder, three times and was victorious each time.Minister Dalic attends 2nd regional digitisation summit in BudapestZAGREB, Jan 25 (Hina) - Croatia's Minister of Economy, Entrepreneurship and CraftsMartina Dalic attended the 2nd regional digitisation summit in Budapest on Thursday, and on the margins of the event she met with Hungary's National Economy MinisterMihaly Varga, Croatia's economy ministry reported in a press release.Dalic participated in a ministerial panel discussion on digital economy that raised questions relatedto digital transformation, digital platforms and e-economy services as well as economic cooperation with special emphasis on the issue of taxation. The discussion also tackled the role of the state in the context of digital transformation as well as Industry 4.0.Minister Dalic underscored that digitisation contributedto changes in the economy and society overall. "Technology creates numerous possibilities and challenges too, as well as uncertainty for traditional sectors and skills. That is why a good education system is crucial so that it can prepare young people for jobs of the future and all of us so that we can gain new know-how and skills and keep in step with technology development. That also implies the need to change the way state administration operates. The skills that will be necessary and most in demand in the economy of 2020 will also be required in state administration," she underlined.Conference on digitisation opens in OpatijaZAGREB, Jan25(Hina) - The Central and Eastern European Carriers and Enterprises Event, a three-day conference focusing on digital society and digital technologies, started in Opatija on Thursday.A state secretary at the Central State Office for Development of Digital Society, Bernard Grsic, said that there were 1.1 million landlineand 3.4 million mobile Internet connections.He said that there had been 13.3 million cases of access to the e-citizen system so far and that 510,096 people used the system.Currently 689 electronic services are available in Croatia, of which 403 are e-applications, 219 are e-forms, and 62 are other services. There are 188 basic electronic registers, with 2,535 types of data, Grsic said, noting that this number was not final.He went on to say that e-administration was important for the development of the data economy and thesingle digital market, notably for ensuring safe and free data movement. Development of e-administration must support and promote fundamental freedoms such as freedom of expression andthe right to privacy and protection of personal data, Grsic warned.He recalled that a regulation on personal information would go into force in the EU in late May, and that it would contribute to citizens having more trust in institutions to which they gavetheir personal information.He also said that digital interaction between citizens and business entities and public administration would be ensured, citing as an example the registration of newborns, which would no longer require going to the registrar's office.A state secretary at the Ministry of the Interior, Robert Kopal, said that the government strongly supported digitisation and digital transformation. Asked about digital challenges, he said that the National Council for Cyber Security had an important role in that regard.ZSE: Indices in redZAGREB, Jan 25 (Hina) - The main Zagreb Stock Exchange indices on Thursday slipped into the red by about 0.3% amidpoor trading of just HRK 4.6 million, with HRK 2.5 million of that generated in block turnoverof HT shares.The Crobex fell by 0.26% to 1,867.09 points, while the specialised Crobex10 weakendby 0.30% to 1,080.05 points.Regular trading amounted to HRK 4.6 million, half the trading generated on Wednesday. Liquidity was raised a little due to block transaction of the HT telecommunications stock amounting to HRK 2.5 million.Not one stock crossed the million kuna mark in regulartrading.In regular trading, HT generated a turnover of HRK 534,900. It shares closed the day with a price of HRK 165 per share, a drop of 0.30% on Wednesday's price.The Ledo frozen food ***producer*** made the highest turnover of HRK 639,700, and its share price went up by 4.84% to HRK 368.(EUR 1 = HRK7.432456)Exhibition of Japanese graphics marks start of 8th Days of GraphicsZAGREB, Jan 26 (Hina) - The opening of two exhibitions, featuring works by Japan's contemporary printmaker Harumi Sonoyama and the Tokyo associations of graphic artists HAN17, on Thursday marked the start of the 8th Days of Graphics at Osijek's Museum of Visual Arts.The exhibitions were opened by the Japanese Ambassador to Croatia, Keiji Takiguchi, as the first two of events marking the 25th anniversary of the establishment of diplomatic relations between Japan and Croatia.Attending the opening ceremony were the authors of the exhibitions and state and local officials.The exhibitions last until March 8.THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS FRIDAY. 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The 48th World Economic Forum Annual Meeting, which kicked off on Tuesday, brought together over 2,500 participants and 70 world leaders, including all European leaders -- French President Emmanuel Macron, German Chancellor Angela Merkel, British Prime Minister Theresa May and Italian Prime Minister Paolo Gentiloni. On Tuesday, the Forum was addressed by the Prime Minister of India, Narenda Modi.

ZAGREB, Jan 25 (Hina) - Croatian Prime Minister Andrej Plenkovic said in Davos on Thursday that multinational companies were interested in investing in Croatia, which he described as an investment-friendly country, the government said in a statement.

On Thursday and Friday Plenkovic is attending the World Economic Forum, the traditional meeting of world leaders and business people in the Swiss ski resort.

Plenkovic is expected to meet with Matt Brittin, Google's President of Business & Operations in Europe, the Middle East and Africa; Christoph Franz, President of the Swiss healthcare company F. Hoffmann - La Roche AG; Gillian Tans, President and CEO of Booking.com; and Ferit F. Sahenk, President of the Turkish Dogus Group.

All these companies are very much interested in Croatia as a country whose economy has been developing and which offers very favourable conditions for further investments, Plenkovic said before the meetings.

He said that he would meet the president of the European Investment Bank to discuss the continuation of cooperation in numerous projects that were expected to contribute to regional development and better absorption of EU funds.

Earlier in the day, Plenkovic met with the prime ministers of Israel, Greece and the Netherlands to discuss ways of advancing economic and political relations.

He also took part in an informal meeting of world leaders focusing on the topic "Creating a Shared Future in a Fractured World", which is the slogan of this year's World Economic Forum.

Speaking of that discussion, Plenkovic said that it focused on global development goals in the period until 2030, that is, efforts to link positive global economic trends with better social policies in order to make the principle of solidarity more visible in the context of the issue of inequality.

ZAGREB, Jan 25 (Hina) - Croatia's Minister of the Interior, Davor Bozinovic, speaking at an informal meeting of the EU Justice and Home Affairs Council in Sofia on Thursday, said that every country had a sovereign right to protect its borders and decide who to allow into its territory.

ZAGREB, Jan25(Hina) - After an informal meeting of the EU Justice and Home Affairs Council in Sofia on Thursday, CroatianMinister of the Interior, Davor Bozinovic, held talks with the European Commissioner for the Security Union, Julian King, whom he informed of the progress Croatia has made in the implementation of the EU directive on the use of Passenger Name Record (PNR) data.

ZAGREB, Jan 25 (Hina) - The Croatian Constitutional Court on Thursday delayed, due to the complexity of the case, the extradition of Nurettin Oral, a Turkish Kurd refugee from Switzerland, to Turkey, where, according to Oral, he faces the threat of life imprisonment for "disrupting national unity and territorial integrity".

The court accepted the applicant's position that he could suffer grave and irreparable consequences if denied the right to a fair trial, and it also took into account that he has refugee status in Switzerland and that he has been in extradition custody in Croatia.

The Constitutional Court granted the motion to delay Oral's extradition, noting that the complexity of the case required an analysis of the case file and the applicant's extensive complaints.

Nurettin Oral, who is currently in custody in Osijek and has residence in Bern, filed a complaint of unconstitutionality to challenge rulings made by the Osijek County Court and the Supreme Court in proceedings launched to determine whether conditions had been met for his extradition to Turkey.

Turkey wants Oral for disruption of national unity and territorial integrity, a crime defined by its penal and anti-terrorism laws, which is equivalent to crimes against humanity and human dignity - terrorism - in Croatia's Penal Code.

Oral said in his complaint that in its decision to allow his extradition the Supreme Court stated that the fact that he had obtained refugee status in Switzerland was not a decisive element in approving his extradition, which he described as a blanket and incorrect explanation given that Croatia's obligation to recognise a person's refugee status arose from international treaties that had precedence over national laws, which was why Croatia had the obligation to decline his extradition to Turkey despite the fact that Switzerland was not an EU country.

Oral also stated that Turkey charged him with a criminal act that was of a political nature and that his right to a fair trial would definitely be violated, as well as that the crime in question carried a sentence of aggravated life imprisonment.

ZAGREB, Jan 25 (Hina) -Prime Minister Andrej Plenkovic said on Thursday that hiscabinetwas aware of the problems that existed in the country, including the problem of citizens with blocked accounts, which's why a distress bill was being prepared, and he underscoredthe government wasproud of its macroeconomic achievements which hada concrete positive impact on citizens.

ZAGREB, Jan 25 (Hina) - On Thursday, the second dayof her three-day visit to Krapina-Zagorje County, President Kolinda Grabar-Kitarovic met with entrepreneurs in thatcounty andexpressed her satisfaction with the good results achieved by business people in that region,particularly those focused on exports.

President expresses support to workers at AquafilCRO after fire consumes warehouse

President Kolinda Grabar-Kitarovic visited the AquafilCRO thread company in Oroslavje, 40 kilometres north of Zagreb, on Thursday after its warehouse burnt down in a fire early in the morning.

The president expressed her support to the workers and management and praised the prompt response from firefighters who prevented the fire from spreading to the production unit.She also praised local companies for showing solidarity by offering their storage facilities until AquafilCRO built a new warehouse.

AquafilCRO has about 200 workers and none of them were injured in the fire, management board member Sasa Muminovic told Hina.

The cause of the fire is being investigated and the damage is yet to be assessed. Muminovic said that the damage was huge because the warehouse was full of production material and finished products.

"We expect production to be back to normal within a few days because the production unit was not damaged," Muminovic said.

Earlier on Thursday, Grabar-Kitarovic visited Veliko Trgovisce, the birth place of the first president of independent Croatia, Franjo Tudjman, where she laid a wreath and lit a candle in his honour.

ZAGREB, Jan25(Hina) - Large investments in transport infrastructure are about to be made in Sisak-Moslavina County, Transport and Infrastructure MinisterOleg Butkovicsaid at a signing ceremony for a grant to prepare a transport development masterplan for the county.

ZAGREB, Jan25(Hina) - The transport and infrastructure ministry and the Spanish rail managerADIF on Thursday signed a memorandum of understanding to establish cooperation in developing a Mediterranean rail corridor, one of the EU's nine main transport corridors, the Croatian company HZ Infrastruktura said on Thursday.

ZAGREB, Jan 25 (Hina) - The Polish market is important for Croatia's tourism and this year a double-digit rise in the number of Polish visitors to Croatia is expected, it was saidon Thursdayat a Croatian Tourism Board (HTZ) business workshop in Warsaw, which was attended by 50 participants from Poland and 26 participants from Croatia.

ZAGREB, Jan25(Hina) - Luka Burilovic was reelected on Thursday as chairman of the Croatian Chamber of Commerce(HGK) for a four-year term.

ZAGREB, Jan25(Hina) - The Croatian parliament 's Committee on the Constitution, Standing Orders and Political System on Thursday discussed the proposed changes to the Standing Ordersof the national legislature and a draft code of ethics for lawmakers, and the proposals are now being fine-tuned.

ZAGREB, January 25, 2018 (Hina) - The Parliamentary Committee for the Constitution, Standing Orders and Political System on Thursday decided to allocate HRK 53.76 million of the budgetary funds for the work of parliamentaryparties and independent MPs.

ZAGREB, Jan25(Hina) - Some senior members of the Social Democratic Party (SDP) on Thursday commented on tensions in that biggest opposition party, fuelledby the party's low public rating and SDP leader Davor Bernardic'sunusual campaign for freedom of speech and satire, with party whip Arsen Bauk saying that it was theoretically possible that the party's reporting conventionset for mid-Februarycould turn into an election convention.

ZAGREB, Jan 25(Hina) - The chairman of the Croatian Council for Ethnic Minorities, Aleksandar Tolnauer, said on Thursday that 19 ethnic minorities had applied for aid for cultural autonomy ***programmes*** in 2018, that HRK 32.4 million of budget funds had been set aside for that purpose, while applications amounted to more than HRK 52 million.

ZAGREB, Jan 25 (Hina) - Serbian Foreign Minister Ivica Dacic is due to open an exhibition on the Jasenovac concentration camp at the UN headquarters in New York on Thursday evening.

ZAGREB, Jan 25 (Hina) - Croatia's Foreign and European Affairs Ministry on Thursday said that through an exhibition on the Jasenovac concentration camp at the UN headquarters in New York, to be staged on Thursday evening, Serbia "is manipulating and disseminating false information" about that Ustasha-run WW2 concentration camp for "propaganda purposes".

The Croatian ministry "condemns the attempt to make use of the UN premises for manipulation and dissemination of false information" through the organisation of the Serbian exhibition about the Jasenovac camp.

The ministry stated that it had informed the UN about Belgrade's attempt to spread false data, and after that the organisers were compelled to remove "the grossest falsifications" from the exhibition's content.

The United Nations distanced itself from the content of the exhibition, saying that the content was the organisers' responsibility and that the staging of the exhibition on UN premises did not imply acceptance by the UN.

The Croatian ministry also underscored that although the content of the exhibition referred mainly to the events that had taken place on the territory of the present-day Croatia, the Serbian side did not inform of it any Croatian institution or expert, including the Jasenovac memorial centre, which, it said, conscientiously managed the memorial site and conducted research about that camp and the atrocities committed there.

The ministry underlines that it feels deep respect for all victims of the Ustasha regime and condemns in the strongest terms all atrocities committed by that regime, including those in Jasenovac.

It says that in the same vein, it deplores attempts to exploit the suffering of the Jasenovac victims for daily political purposes and propaganda.

Serbian Foreign Minister Ivica Dacic is due to open the exhibition on the Jasenovac concentration camp at the UN headquarters in New York on Thursday evening. The exhibition, entitled "Jasenovac - The Right to Remembrance", is the work of a group of historians from seven countries.

ZAGREB, Jan 25 (Hina) - Croatia's best tennis player, Marin Cilic, has made it to the final at the Australian Open after defeating Briton Kyle Edmund in the semi-finals on Thursday.

ZAGREB, Jan 25 (Hina) - Croatia's Minister of Economy, Entrepreneurship and CraftsMartina Dalic attended the 2nd regional digitisation summit in Budapest on Thursday, and on the margins of the event she met with Hungary's National Economy MinisterMihaly Varga, Croatia's economy ministry reported in a press release.

ZAGREB, Jan25(Hina) - The Central and Eastern European Carriers and Enterprises Event, a three-day conference focusing on digital society and digital technologies, started in Opatija on Thursday.

ZAGREB, Jan 25 (Hina) - The main Zagreb Stock Exchange indices on Thursday slipped into the red by about 0.3% amidpoor trading of just HRK 4.6 million, with HRK 2.5 million of that generated in block turnoverof HT shares.

THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 0830 HRS FRIDAY.

**Load-Date:** January 26, 2018

**End of Document**



[***ICRA reaffirms the rating for bank facilities and fixed deposit programme of Desai Brothers Limited***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PXJ-H711-JDVR-01K0-00000-00&context=1516831)

SeeNews Debt

November 10, 2017 Friday 11:07 AM EEST

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**Length:** 2705 words

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**Body**

November 09, 2017 Desai Brothers Limited

Summary of rated instruments

Instrument\* Rated Amount (Rs. crore) Rating Action Short term - Non fund based - Bank Guarantee 25.00 [ICRA]A1+ reaffirmed Mediun term - Fixed Deposit 100.00 MAA-/Stable reaffirmed Medium term - Fixed Deposit 50.00 MAA-/Stable Assigned Total 175.00

\*Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed the rating of [ICRA] A1+ (pronounced ICRA A One plus) assigned to the Rs. 25.001 crore short term non-fund based facilities and the rating of MAA- (pronounced as M double A minus) assigned to the Rs. 100.00 crore fixed deposit ***programme*** of Desai Brothers Limited ('DBL'/'the company')2. ICRA has also assigned a fresh medium term rating of MAA- (pronounced as M double A minus) to the Rs. 50.0 crore fixed deposit ***programme*** with a stable outlook. This is the high-credit-quality rating assigned by ICRA. The rated instrument carries low credit risk.

Rationale

The ratings reaffirmation continue to derive comfort from the strong capital structure and robust liquidity profile of the company characterized by consistent healthy cash accruals, minimal dependence on external funding and sizeable liquid investments as well as cash balance to the tune of Rs. ~475 crore as on March 31, 2017 providing additional financial flexibility. The ratings also factors in long track record of promoters, established branded presence with strong brand loyalty and wide distribution network with DBL being one of the leading players in the fragmented beedi industry in India. The company has been able to maintain its market position despite competition from un-organized beedi segment, other tobacco products and restrictions on sales promotions for tobacco products. ICRA takes note of moderate decline in margins in FY2017; given the sharp increase in raw material i.e. tendu leaves cost witnessed during the year. However expected gain in current fiscal arising out of favourable changes in tax structure post GST implementation in the beedi segment will support margin expansion, which contributed over 80% of the company's revenues and 78% of profit before interest and tax (PBIT) during FY2017.

The company also has a strong presence in the food processing industry, through the Mother's Recipe brand with healthy market share in categories like pickle and pastes in domestic market as well as sale of gherkins in exports market. Going forwards, DBL's expected launch of new products under namkeen division in the northern eastern states by leveraging its existing distribution network will support the revenue growth over the medium term.

The ratings however remains constrained by DBL's presence in highly regulated beedi manufacturing industry on back of health related concerns and company remain exposed to overall regulatory framework with regards to procurement of tendu leaves, sales & distribution of beedi along with requisite packaging norms. The volumes for beedi sales has been declining over the years given restrictions on sales promotions, competition from other tobacco products and change in consumer smoking habits; though

1 100 lakh=1 Crore= 10 million

2 For complete rating scale and definitions, please refer to ICRA's website [*www.icra.in*](http://www.icra.in) or other ICRA Rating Publications.

Instrument\* Rated Amount (Rs. crore) Rating Action Short term - Non fund based - Bank Guarantee 25.00 [ICRA]A1+ reaffirmed Mediun term - Fixed Deposit 100.00 MAA-/Stable reaffirmed Medium term - Fixed Deposit 50.00 MAA-/Stable Assigned Total 175.00

company has been able to register value growth and maintain margins by improving realization, thereby offsetting impact of declining volume and increased tax obligations. The food processing business also remains exposed to agro climatic conditions prevailing in the country. ICRA also takes note of the recent investment in namkeen division will require further funding support over the medium term, though in the wake of the healthy accruals generated by the established business divisions of the company, the liquidity condition is expected to remain comfortable. ICRA also takes note of lower than expected business offtake in the hospitality division though its impact on overall profitability remains marginal. ICRA expects company will continue to strengthen its presence in food processing industry via organic and inorganic expansion over medium term, which will be primarily funded by internal accruals. Consequently, DBL is expected to remain net debt free company over the medium term.

Key rating drivers

Credit strengths

 Long standing presence and strong distribution network across major states, among the larger established brands in the fragmented beedi industry with a leading position in Rajasthan

DBL is one of the major players in beedi manufacturing industry with a production capacity of about 7 crore beedi sticks per day. The beedis are sold under the trademark 'Desai beedi'. DBL enjoys a strong brand presence in Rajasthan, Haryana and Madhya Pradesh; the company generated over 80% of total sales from these three states during FY2017. The company has been able to maintain its market share despite competition from un-organized beedi segment, other tobacco products and restrictions on sales promotions for tobacco products owing to established distribution network and strong brand loyalty.

 Established market position of 'Mother's Recipe' brand in the domestic processed food industry; healthy export revenue share

The company diversified its operations in the ethnic foods business in 2002, and has been witnessing steady growth in its revenue contribution from this division. The company offers wide variety of pickles and pastes catering to different taste preferences and same has been the major revenue driver for 'Mother Recipe' brand in the domestic market over the years. The company also has healthy presence in exports market with over 40% of sales coming from exports to countries like Russia, Netherland, Australia, Middle East, USA, etc.

 Healthy profitability over the years; recent changes in tax structure post GST implementation will further drive margin expansion

DBL's operating margins remained healthy over the years majorly driven by Beedi division as 80% of the company's revenues and ~78% of the company' s profits come from Beedi division itself which has 15%-17% operating margins. Going forward, ICRA expects a further increase in profitability owing to favourable changes in tax structure post GST implementation in the states where the company has significant market presence.

 Favourable financial profile characterized by healthy return on capital employed and minimal debt; DBL's RoCE remains very strong given low capital intensity of beedi business. Beedi business is a labor intensive business with no major capex requirements and incremental capex by DBL is primarily in food division only. This resulted in strong capital structure over the years. The long term debt majorly includes FDs from relatives of shareholders (1-3 year) and deposits from thekeddars for beedi making and agents for distribution of beedi. The company has minimal dependence on outside funding and even after considering investments in hospitality venture, liquidity profile remains strong.

 Strong liquidity profile supported by consistent accruals, healthy cash balances and liquid investments to the tune of Rs. 425 crore as on March 2017

Apart from the consistent cash accruals, DBL's liquidity profile is further significantly supported by substantial liquid investments in the form of mutual funds and cash balances to the tune of Rs. 475 crore as on March 2017 which itself contributes ~50% of the company's total assets.

Credit weaknesses

 Beedi business, the main contributor to profits, remains vulnerable to Government policies, regulations and growing health awareness; however, company has been able to maintain margins over the years despite decline in volumes

Being a health hazard, like other tobacco products, beedi industry too remains tightly regulated in terms of duty structure and advertising. India's tobacco product manufacturers need to comply with pictorial warnings on packages which is potentially affecting volume growth for the industry in addition to increasing packaging costs. Further the ceiling on the procurement of major raw material i.e. tendu leaves by the government has resulted in the capping of the corresponding production and sales volumes. However despite declining volumes, DBL has been able to maintain its margins through its ability to achieve healthy price realisations owing to strong brand loyalty amount the key consumer segments.

 Raw material prices in the foods business are vulnerable to climatic conditions and ***agriculture*** output; limited pricing power may have negative impact on profitability in case of adverse movement in raw material cost

The food processing business also remains exposed to agro climatic conditions prevailing in the country. Prices of most of the DBL's raw materials are volatile and are dependent on crop ***produce*** and market demand-supply parameters. Adverse movements in raw material costs can result in downward pressure on profitability as increasing prices may not be feasible in wake of competition in domestic and export market.

 Continuous deployment of cash accruals in diverse ventures which drag overall return indicators; however diversification benefit may provide benefits in the long term

In order to diversify and scale up its business, DBL has adopted the acquisition policy under which it is steadily acquiring companies manufacturing specific food products and having specific geographic presence. Though these investments are likely to benefit the company in the long term, the current deployment of cash accruals in these ventures is likely to drag the overall return indicators of the company in near term. Going forward, DBL's ***strategic*** initiates to ramp up the business from these businesses remains to be seen and will be a key monitorable.

Sensitivity

 Company's ability to sustain its revenue growth and profitability indicators, by diversifying its revenue mix and reducing its dependency on beedi segment

 Large investments in non-core businesses or any debt funded expansion ***plans***, which could materially impact company's capital structure

 Adverse regulatory measure in beedi business

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

Corporate Credit Rating Methodology

Fast Moving Consumer Goods Industry

About the Company:

Desai Brothers Limited, owned and managed by Pune based Desai family, is engaged in the manufacturing and selling of beedis under its trademark - 'Haribhai Desai. The company is one of the largest beedi manufacturers in India with a production capacity of around 7.0 crore sticks per day. Beedis account for about ~80% of total revenues. The Company diversified into ethnic food business in 2001 and acquired the 'Mother's Recipe' brand from American Dry Fruits Limited in 2002. The food division manufactures and distributes ethnic Indian processed foods like pickles, pastes, ready to cook, papads, curry power, chutney, ready to eat and spices in the domestic and exports markets. The company also has investment in Wind Mills. Majority of surplus funds of the company have been invested in liquid securities by their Treasury Department.

In July, 2013 the group ventured into hospitality through a wholly owned subsidiary (Savannah Hotels Private Limited) which is now merged in DBL with effect from 1st April 2015. The company owns a property in Whitefield, Bengaluru and operates a 102 room 4 Star Hotel on a management contract basis with Four Points by Sheraton. The company also acquired Gujarat based food company Brink Foods Private Limited in FY2017 which is majorly into wafers manufacturing business.

Key Financial Indicators: FY2016 (Audited) FY2017 (Audited)

Operating Income (Rs. crore)

1144.5

1166.7

PAT (Rs. crore)

121.1

91.8

OPBDIT/ OI (%)

15.0%

13.4%

RoCE (%)

30.0%

22.0%

Total Debt/ TNW (times)

0.2

0.2

Total Debt/ OPBDIT (times)

0.7

1.0

Interest coverage (times)

8.7

9.0

NWC/ OI (%)

16%

19%

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:

Table: S. No. Instrument Current Rating (FY2018) Chronology of Rating History for the past 3 years Type Amount Rated (Rs. crore) Amount Outstanding (Rs Crore) November 2017 FY2017 FY2016 FY2015

1

Fixed deposits

Medium term

100.00

-

[ICRA]MAA-/ Stable

[ICRA]MAA-/ Stable

[ICRA]MAA-/ Stable

MAA-

2

Fixed deposits

Medium term

50.00

-

[ICRA]MAA-/ Stable

-

-

-

3

Non fund based

Short term

25.00

-

[ICRA]A1+

[ICRA]A1+

[ICRA]A1+

[ICRA]A1+

Total

175.00

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [*www.icra.in*](http://www.icra.in)

Annexure-1

Instrument Details Name of Instrument Date of Issuance Coupon rate Maturity Date Size of the issue (Rs. Crore) Current Rating and Outlook

Fixed deposits

-

-

-

150.00

[ICRA]MAA-

(Stable)

Short Term non fund based - Bank Guarantee

-

-

-

25.00

[ICRA]A1+

Total

175.00

Source: Company Information

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About ICRA Limited:

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**Load-Date:** November 10, 2017

**End of Document**



[***Jordan's energy sector turns focus to private development and renewable resources***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-74X5-00000-00&context=1516831)

Oxford Business Group: Articles

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**Length:** 5790 words

**Body**

Dependent on imports and grappling with regional instability and major supply disruptions, Jordan's energy sector has faced several challenging years. Rapid population growth, which includes the kingdom absorbing an estimated 1.3m Syrian refugees since 2011, has exacerbated existing water scarcity, especially in the northern region of Jordan.

These challenges have prompted the government to pursue new opportunities through private sector development, with private firms set to play an important role in delivering new water, oil shale, nuclear, and renewable energy projects. Jordan has become a regional leader and model for solar energy development, while authorities are reporting steady progress in flagship oil shale and nuclear power projects, in addition to the continuing Red Sea Dead Sea (RSDS) conveyance project, which is projected to significantly augment the water supply, introducing large-scale desalination activities to the water sector.

Meanwhile, electricity sector reforms, alongside a shift towards natural gas-fired electricity generation, have lowered the country's fuel bill, creating space for investment in grid upgrades, which will be critical to long-term renewable and nuclear energy targets.

**At A Glance**

Jordan relies on oil, natural gas and coal imports to meet most of its energy needs, as it does not benefit from abundant crude oil and natural gas resources, aside from an estimated 70bn tonnes of oil shale resources that have yet to be exploited.

The Ministry of Energy and Mineral Resources (MEMR) reports that domestic oil production in the kingdom has dropped steadily in recent years, falling from 1000 tonnes in 2012 to 400 tonnes in 2016, while domestic natural gas production fell from 5.8bn cu feet to 4.1bn cu feet over the same period. Primary energy consumption has increased by 17.2% from 8.2m tonnes of oil equivalent (toe) in 2012 to 9.6m toe in 2016, while final energy consumption jumped by 19.2% between 2012 and 2016 to hit 6.4m toe. In terms of energy consumption as measured in gigawatt hours, this rose from 8090 GWh in 2004 to 16,843 GWh in 2016, according to figures from the National Electric Power Company (NEPCO).

Although the Arab Gas pipeline to Egypt had supplied Jordan with the majority of its import needs for a decade, geopolitical instability and supply disruptions since 2011 have all but eliminated gas imports from Egypt; according to the MEMR, Jordan did not import any natural gas from Egypt via the Arab Gas pipeline in 2016. Liquefied natural gas (LNG) imports from a recently launched LNG import terminal in Aqaba supplied roughly 4.1bn cu metres in the same year. Although it comprises a relatively small share of total energy imports, LNG accounts for between 85% and 90% of total electricity generation in Jordan.

**Oversight**

Jordan's energy sector is overseen by a broad range of government bodies, including the MEMR, the Energy and Minerals Regulatory Commission (EMRC), NEPCO, the Jordan Atomic Energy Commission (JAEC), the Jordan Petroleum Refining Company (JPRC), the National Petroleum Company (NPC) and the Ministry of Water and Irrigation (MoWI). Established in 1984, the MEMR was restructured to expand its mandate in 2014. It now holds responsibility for comprehensive energy sector ***planning***, negotiating power exchange agreements with neighbouring countries attracting international capital for investment in electricity generation, production of oil derivatives, oil and gas transportation, and local energy production. The EMRC was established in 2014, assuming regulatory functions for nuclear resources, natural resources and electricity.

**Development Strategies**

The government remains focused on reducing its energy bill and reaching energy independence. To achieve this, a host of public actors have moved to implement major energy infrastructure projects in recent years, increasingly in partnership with the private sector. The long-term energy development policy, the Master Strategy of the Energy Sector of Jordan (National Energy Strategy) 2007-20, calls for $18bn of private and public investment in domestic power projects to reduce energy import dependency from 96% to 60% by 2020.The National Energy Strategy targets the construction of renewable projects, an oil shale power plant and a nuclear reactor. The ***plan*** also introduces investor incentives, such as a 10-year income tax exemption for independent power ***producers*** (IPPs) and regulations for build-own-operate and build-operate-transfer (BOT) public-private partnerships (PPPs). In particular, the strategy seeks to reduce fuel and electricity subsidies, as these have constrained spending and weighed on macroeconomic growth in recent years.

**Security & Diversity**

The Jordan Economic Growth ***Plan*** (JEGP), unveiled in May 2017, has targeted 13% annual growth in the electricity and power sectors between 2018 and 2022. It also highlights PPPs as the preferred finance model for new renewable energy and water capture and efficiency projects. The JEGP aims to achieve sustainable energy security by increasing the contribution of domestic resources to the kingdom's overall energy mix, in addition to implementing energy efficiency ***programmes***.

Targets include tapping into and further developing conventional and renewable energy sources, such as oil shale and gas; oil market liberalisation; boosting ***strategic*** reserves of crude oil and derivatives; expanding Jordan's sole petroleum refinery; increasing the use of natural gas in electricity and industries; maintaining NEPCO's operational balance; and promoting energy conservation and efficiency. Nuclear power is not mentioned in the JEGP.

The National Green Growth Strategy was also unveiled in May 2017. It emphasises the importance of green energy development in reducing fiscal, economic and climate vulnerabilities. The strategy identifies three clusters as particularly important support mechanisms for employment and macroeconomic growth: a green growth corridor between Aqaba and Amman, smart urban transformation and rural resilience (see Economy chapter).

**Utilities Reform**

NEPCO was established in 1996 under General Electricity Law No. 10, replacing the Jordan Electricity Authority created in 1967.

Electricity Law No. 13/1999 created the Central Electricity Generation Company (CEGCO) and the Electricity Distribution Company (EDCO), splitting NEPCO's functions between them. A public shareholding company until Law No. 13, NEPCO owned and operated all transmission, system operation, wholesale power purchase and sales transmission, IPP generation and fuel procurement activities.

Electricity Law No. 64/2002 liberalised Jordan's electricity generation segment by establishing a regulatory commission, which was later absorbed by the EMRC. It was mandated to license businesses engaged in generation, transmission, and supply distribution and system operation, in addition to setting electricity tariffs. The law also opened the sector to private investment through IPPs, leading to an influx of new companies and projects.

Today a number of entities are active in generation, including the CEGCO, the Samra Electric Power Generating Company, AES Jordan Company, Qatraneh Electric Power Company, Amman Asia Electric Power Company, AES Levant Holdings BV Jordan and Jordan Wind Project Company. NEPCO continues to own and operate transmission and system operators in Jordan and is responsible for negotiating power purchase agreements for IPPs. It also manages interconnections with Egypt through a 400-KV single circuit transmission line crossing the Gulf of Aqaba, as well as a 400-KV single circuit transmission line that connects to the Syrian power system. NEPCO imported 334 GWh of electricity from Egypt in 2016.

**Service Delivery**

One of three distributors active in the kingdom, the Jordanian Electric Power Company is responsible for energy distribution in Amman and its surrounding area. The second, EDCO, was privatised and acquired by the Kingdom Electricity for Energy Investments Company (KEC) in 2007, and today covers roughly 60% of Jordan's geographic area in southern rural areas and Aqaba. EDCO also owns a 55.4% stake in the kingdom's oldest distributor, Irbid District Electricity Company (IDECO), after KEC acquired a stake in the company and transferred ownership of these shares to EDCO in 2007.

Established in 1957, IDECO is the only generation, transmission and distribution company that operates in northern Jordan, covering roughly 25.6% of the country's geographic area, including the governorates of Mafraq, Irbid, Jerash and Ajloun. NEPCO reports that a total of 20,064 GWh of power was generated or imported in Jordan in 2016, a 2.3% increase over 2015, while domestic electricity production rose by 3.8% to hit 19,730 GWh. The Jordanian power system's total capacity stood at 4419 MW in 2016, a 3.6% increase over 2015, with renewable energy accounting for 4.6% of total energy production.

"In addition to launching new renewable energy projects, Jordan should focus on increasing grid capacity and improving storage technology," Hanna Zaghloul, CEO of Kawar Energy, told OBG. "Otherwise, the sector will never reach its full potential," he added.

**NEPCO Reforms**

Rising electricity consumption and much-needed national grid upgrades led to unsustainable losses at NEPCO, reaching $1.4bn, or 10% of Jordan's total budget in 2013. This sparked a series of sectoral reforms, including the gradual phasing out of costly fuel subsidies, which were estimated to cost the kingdom 2.8% of GDP in 2012.

In addition, electricity tariff adjustments were made: tariffs for major industries were reduced, while a framework for consumer tariffs to encourage power savings was introduced. The reforms have helped decrease electricity subsidies, estimated to cost around 5.5% of GDP in 2012, while supporting new renewable energy projects to help to cut power costs.

**Gas Shift**

Supported by the recent launch of new LNG import infrastructure, NEPCO has increasingly shifted its procurement strategy towards natural gas imports in a bid to reduce costly heavy fuel imports.

In July 2015 the Sheikh Sabah Al Ahmad LNG terminal in Aqaba was inaugurated, which connects to the Arab Gas pipeline and ships LNG north. This infrastructure plays a critical role in meeting increasing electricity demand while lowering the cost of NEPCO's energy import bill. The terminal has since been operating at maximum capacity, pumping 350m cu feet of LNG per day. To meet surplus demand, NEPCO signed two short-term spot market contracts in 2016 with Royal Dutch Shell to supply 300m cu feet of LNG daily. In 2016 the terminal received 51 shipments of LNG, of which 41 were imported by NEPCO and a further 10 by the Egyptian Natural Gas Holding Company.

**Coal & Gas**

NEPCO reports that natural gas-fired electricity generation rose significantly by 80.6% to hit 16,639 GWh in 2016, from 9210 GWh in 2015. This sharp increase followed a seven-year low of 1296 GWh in 2014. Heavy fuel oil-powered electricity generation has fallen sharply over the same period, dropping from 7690 GWh in 2014 to 6644 GWh in 2015, and by a further 69.9% to 2001 GWh in 2016. Diesel-fuelled generation fell from 9168 GWh in 2014 to 163 GWh in 2016. Rising coal imports and lower global oil prices also offered cost relief to buyers. Crude oil imports fell by 15.2% to 2.97m tonnes in 2016, from 3.51m tonnes in 2015, while coal imports rose by 42.2% to hit 327,000 tonnes. In June 2016 the MEMR announced a deal had been signed with the Al Manaseer Group to build Jordan's first coal-fuelled power plant in the Al-Qatrana region. The plant is projected to be completed by the end of 2018 and beyond providing energy to Al Manaseer's nearby cement factory, it is part of the National Energy Strategy forecast under which coal will account for 5% of the total energy mix by 2025.

**Pay-Off**

Avoiding heavy fuel oils and increasing LNG and coal imports has paid dividends. According to MEMR figures, the cost of crude oil and oil product imports dropped by 34% to JD1.3bn ($1.8bn) in 2016. Likewise, NEPCO reports that the cost of primary energy as a percentage of GDP fell from 19.6%, or JD4bn ($5.6bn) in 2011, to 7% of GDP, or JD1.9bn ($2.7bn) in 2016. In late 2016 the IMF praised NEPCO's reforms for reducing budgetary pressures and setting the stage for sustainable electricity sector expansion. Supported by the kingdom's first *sukuk* (Islamic bond) issuance, NEPCO returned to profit in 2016, reporting JD200.2m ($282.4m) of operating profits, compared to JD130.6m ($184.2m) of losses in 2015. Comprehensive profits hit JD117.7m ($166m) in 2016, against JD233.2m ($329m) of losses in 2015.

**Oil & Gas Production**

The NPC is responsible for domestic oil and gas exploration activities, while the MEMR manages oil shale exploration and production. The JPRC manages and operates the Zarqa Refinery.

The NPC's oil and gas 7000-sq-km concession area is located along the border with Iraq in the north-east, and includes the 1500-sq-km Risha gas field. The NPC's 50-year concession period entered into force in 1996. Production at Zarqa Refinery - Jordan's only oil refinery - has dropped in recent years, falling from 3.5m tonnes of output in 2012 - with products including liquefied petroleum gas (LPG), gasoline, jet fuel, kerosene, diesel, fuel oil and asphalt - to 2.8m tonnes in 2016. LPG production fell from 102,000 tonnes to 81,000 tonnes over the same period, while gasoline production dropped from 716,000 tonnes to 583,000 tonnes, and diesel production from 1.1m tonnes to 909,000 tonnes. Fuel oil production also fell from 999,000 tonnes in 2012 to 599,000 tonnes in 2016, while asphalt production more than doubled over the same period, rising from 97,000 tonnes to 238,000 tonnes. The overall decline is set to change, however, with the government moving forward on a refinery upgrade ***plan***, as stipulated by the JEGP. In May 2017 Honeywell UOP and the JPRC signed an agreement to expand the Zarqa Refinery, with upgrades expected to improve the quality of refined products up to Euro V emissions standards, boosting capacity to 120,000 barrels per day. UOP will provide engineering and licensing only once the estimated $1.6bn in financing for the expansion project is secured.

**Oil Shale Plant**

Jordan's oil shale reserves are the fourth largest in the world, offering a potentially vital long-term fuel source, with the MEMR estimating that oil shale will account for 14% of Jordan's energy mix by 2020. In March 2017 a ***planned*** $2.1bn 470-MW oil shale power plant - an important part of the long-term domestic hydrocarbon development - reached financial close in March 2017.

The oil shale plant is being developed by the Attarat Power Company with a consortium of international investors - including Estonia's global shale developer Eesti Energia (10%), China's Yudean Group (45%) and Malaysia's YTL (45%) - in partnership with NEPCO. According to an Eesti Energia press release, shareholders will contribute $528m of project costs, while a $1.6bn 15-year facility will be provided by the China Export and Credit Insurance Corporation. Standard Chartered Bank has also agreed to provide a $33m guarantee to NEPCO. The project is expected to meet between 10% and 15% of the kingdom's annual power demand on completion, with operations scheduled to begin in mid-2020. "Diversification of Jordan's energy mix is now becoming a reality with upcoming medium-and large-scale renewable energy projects such as the oil shale power plant, which is hoped to reach full operation by October 2020," Jason Pok, CEO of Attarat Power Company, told OBG.

**New Pipelines**

A new oil and gas pipeline project connecting Jordan to oil and gas fields in Israel is also under way, with Israel Natural Gas Lines announcing ***plans*** in March 2016 to construct a pipeline to supply Jordanian customers with gas from the Leviathan and Tamar offshore gas fields. The project is part of a landmark $10bn gas export contract signed between Texas-based Noble Energy, Israel Natural Gas Lines, and the MEMR in September 2016. Construction will start in the Sdom region near the Dead Sea, and shipments to Jordan are expected to begin in 2019.

Other pipeline projects have been halted or cancelled, such as the ***planned*** oil line that would have stretched 1700 km between the southern Iraqi city of Basra to Aqaba. The cancellation came in August 2017 due to projected costs being too high, largely because the ***planned*** pipeline ran through territory under Islamic State control in the western Anbar province. Iraqi authorities have told local media that project developers are working to develop other ways of supplying Jordan with gas.

**Renewables**

Solar energy is forecast to contribute up to 1000 MW of capacity to the national grid by 2020 and heightened investor interest in the renewables segment should help see this achieved. In 2012 the Jordanian government passed the Renewable Energy and Efficiency Law, which codified the model for private sector participation in renewable projects, marking a notable shift in renewables development. Under the previous framework, which the International Finance Corporation had characterised as rigid and slow, renewable energy development was limited to small-scale individual solar and wind projects, as well as two attempted wind farm projects. The law now offers developers a codified direct proposal system, thereby enabling greater flexibility in site selection and technical specifications.

Jordan's renewables framework was further reformed in 2015, when the MEMR opened tariffs under renewable power purchasing agreements to competitive bidding, selecting winners based on the lowest tariffs offered for any bid meeting the project's technical and generating requirements.

"The majority of foreign companies, mainly from Europe, have increased the level of competition within the Jordanian market," Samir Kattan, director of Astraco, told OBG. "Ultimately this is good, as it allows Jordan to further strengthen itself as a leader for renewable energy in the region," he added. In June 2017 the World Bank reported that Jordan holds a pioneering position in regional renewable energy. Commended developments include Jordan's feed-in tariff framework, the first of its kind in the Middle East; the introduction of net metering and wheeling arrangements to encourage small-scale renewables development; tax exemptions for renewable energy systems; and innovative tendering and procurement schemes. Sector stakeholders have also suggested that targeting low income populations would be of added benefit. "Renewable energy has gained significant momentum which could be further duplicated if there were more incentives aimed at the middle-and lower-income population," Samer Hanania, deputy general manager at Hanania Energy, told OBG.

**Targets**

The Renewable Energy and Efficiency Law dovetails with the National Energy Strategy, which calls for 1800 MW of renewable energy generation - with 600 MW of this generated from solar - by 2020. The solar portion of this target was revised to 1000 MW in January 2016 following unprecedented investor interest in large-scale private solar power projects. The renewables sector is forecast to meet 10% of the country's energy needs by 2020, although its share will drop to 6% by 2025, following the construction of a ***planned*** nuclear power plant.

Renewables development has already made an impact on the country's energy balance; the contribution of renewables to primary energy consumption rose from 130,000 toe in 2011 to 160,000 toe in 2015, according to MEMR figures. Solar energy accounted for 159,700 toe of domestic energy production in 2015, equivalent to 52.4% of the total. NEPCO, meanwhile, reported that renewables account for 4.6% of total domestic and imported electricity generation in Jordan, with wind generation rising from 121 GWh in 2015 to 388 GWh in 2016, and solar-powered generation soaring from 1.6 GWh to 491 GWh over the same period. "We should feel positive for the overall sector," Khaled Toukan, chairman of the JAEC, told OBG. "Jordan has the potential for 80% of its energy mix to come from local sources in the long term, by combining renewables, oil shale and nuclear energy."

**Wind & Solar**

The first large-scale renewables project developed under the 2012 renewables law was the 117-MW Tafila Wind Farm. Commissioned in September 2015, the $285m project was undertaken as a joint venture between France's InfraMed, the UAE's renewable energy development company Masdar and Cyprus' EP Global Energy. It currently supplies electricity to over 80,000 homes.

In terms of projects in the pipeline, the Al Hussein wind farm, a $148m initiative launched in April 2016 with support from the Kuwait Fund for Arab Economic Development, stands to add 88 MW of new generation when it becomes operational. However, the renewables segment is dominated by solar power projects, in part because solar has benefitted from a progressive policy framework and has attracted strong interest from international investors, pushing Jordan to the forefront of regional renewables development as a result. Two bidding rounds for solar project tenders under a PPP framework have been concluded since 2011, encompassing the development of 16 solar power plants, including the recently opened 52.2-MW Shams Ma'an solar power plant.

Investors have seen that solar power plants offer a vital alternative to rising gas-fired power consumption, as private sector interest in the segment continues to grow. Further competitive investment is expected during a ***planned*** but delayed third round of tendering (see analysis).

**Refugee Support**

Solar projects will also play a role in meeting higher energy demand from refugees. In May 2017, the Azraq refugee camp 100 km east of Amman became the first in the kingdom to operate on solar power, with the IKEA Foundation investing around $10m in partnership with the UN High Commission for Refugees to build a 2-MW solar facility at the camp. This power source will save the camp, which houses some 36,000 Syrian refugees, $1.5m in annual operational expenses, and ***planned*** upgrades will bring the total generation capacity to 5 MW.

In other projects, Germany's state-owned KfW Development Bank announced in March 2017 that it would provide a (EURO)44m ($48.1m) grant to support the installation of 35 MW of solar generating capacity under a ***programme*** to secure energy supply for communities of Syrian refugees.

Jordan is also turning to small-scale projects, a host of which have been deployed across many private and public establishments, including hotels, hospitals and ministries, with some reporting electricity consumption dropping by 40% following the installation of solar photovoltaic (PV) roof panels (see analysis).

**Water**

Outside the renewables segment, PPPs could also prove an effective, attractive development model for large-scale water projects including the country's first-ever desalination facility. The MoWI is responsible for national water policies and strategies, water monitoring and supply, and wastewater management. It is currently undertaking a series of large-scale projects in efforts to boost the kingdom's shrinking water resources and meet rising demand.

Jordan is facing some of the world's worst water problems, with the World Bank reporting that it ranks 173rd globally in renewable internal freshwater availability at 77 cu metres per capita. MoWI data shows that annual rainfall volumes in Jordan trended downwards for eight of the 11 years to 2015, while the quantity of water sold for irrigation rose by 13% between 2014 and 2015 to hit 183m cu metres.

Water consumption stood at 1009m cu metres in 2015, of which 514m cu metres was used for ***agriculture***, 457m cu metres for domestic consumption and 38m cu metres for industry. Domestic consumption has recorded strong growth since 2006, rising from 291m cu metres to reach 316m cu metres in 2008, 354m cu metres in 2012 and 429m cu metres in 2014. The MoWI is deploying dozens of near- and long-term solutions to Jordan's water shortage problem.

**Solving Scarcity**

The ministry has launched two major projects aimed at boosting domestic water supply: the Augmentation of Water Supply for Central and Northern Jordan from Deep Aquifer in the Shidiyeh-Al Hasa area (see analysis), and the RSDS water conveyance project, one of the largest and most complex utilities ventures in the region.

The RSDS project's impact will extend beyond Jordan, with its development holding significant geopolitical implications. Under joint development by the governments of Jordan, Palestine and Israel, the multi-faceted project will extract water from the Red Sea and transfer to two desalination pump stations near Aqaba and onwards to a reservoir. Untreated saltwater and brine will then transit to the Dead Sea via pipeline, generating hydropower as it falls several hundred metres below sea level.

Ending its journey at a discharge diffuser on the Dead Sea, it will be used to refill the fast-shrinking body of water, which is dropping at a rate of one metre per annum: from the 1960s to 2016 its elevation fell from 360 metres below sea level to 423 metres below sea level, a loss of 63 metres.

**Phased RSDS Development**

The project's $1bn first phase will pump 150m cu metres of water annually from the Red Sea, in order to desalinate 65m cu metres. Under a new water-swap agreement, potable water from Aqaba will be purchased by Israel's southern Arava region, while Jordan will buy Israeli water supplied from Lake Tiberias and the Palestinian Authority will purchase water from Israel. This tender has been developed under a BOT model, and includes desalination, water purification and transfer components. In November 2016 Jordan announced that five companies had been pre-qualified to bid on the project's first phase, with construction slated to commence in 2019. MoWI officials also moved to reduce operational costs and improve efficiency in a bid to make the segment more attractive to private investors, with both Israel and Jordan seeking up to $400m of grants to underwrite the project.

A ***planned*** $1.5bn-2bn second phase will see Jordan build a 150m-cu-metre desalination plant - the kingdom's first such facility - which would ship water north to Amman. As one of the first large-scale infrastructure projects to be developed between Israel, Palestine and Jordan, the RSDS project is particularly momentous. Not only will the second phase be developed under a BOT PPP model, but desalination facilities will play a critical role in meeting rising water demand throughout the region. According to MoWI officials, the successful implementation of the second phase is vital to sustaining the per-capita water consumption, including the growing refugee population.

**Cutting Costs**

Jordan's water sector is its largest single electricity consumer, accounting for 15% of annual consumption. The MoWI's Energy Efficiency and Renewable Energy Policy for the Jordanian Water Sector was approved in June 2015, targeting a 15% reduction in the sector's energy consumption by 2025. Without these ***interventions***, annual electricity costs for the water sector are forecast to reach JD640m ($902.8m) by 2025. Solar-fuelled cost reduction projects are being pursued, and in April 2017 officials announced ***plans*** to introduce solar power to fuel operations at five major water treatment plants and pumping stations, supported by a (EURO)30m ($32.8m) grant from the EU. Grant funding will be used to build five plants capable of generating a cumulative 25-30 MW annually and will be constructed at the Zai and Zara-Maeen Water Treatment Plants, as well as the Wadi Al Arab, Zaatari and Azraq Pumping Stations. The plants are expected to be operational by 2018.

The adoption of cost-cutting solar-powered water heaters is poised to expand substantially, after the February 2017 announcement that Jordan Renewable Energy and Energy Efficiency Fund authorities had signed an agreement with NGOs to install subsidised solar heating systems. The MEMR has targeted the installation of 200,000 solar heaters and 100,000 solar PV systems across the country in the coming years, with the long-term target of 20% solar water heater penetration, up from a previous goal of around 12%. Jordanian firm Hanania Energy was awarded a tender for the first 20,000 solar water heaters in early 2017. Under the terms of the agreement, Hanania will coordinate with 250 organisations to sell JD600 ($846) solar heating units at the discounted price of JD500 ($705). Half of the cost will be covered by the government, with the rest paid by customers. "We have installed 5500 units within five months of the project launch, and each unit has a 25-year lifespan. Although the penetration of solar water heaters in Jordan fell from 24% in 1997 to 12% today, we anticipate this project will significantly improve the adoption of solar solutions, including water heating, across all regions of Jordan," George Hanania, general manager of Hanania Energy, told OBG.

**Nuclear**

Nuclear power could also play an important role in long-term energy development. The main government entity responsible for developing the nuclear ***programme*** is the JAEC, which was established in 2008, replacing the Jordan Nuclear Energy Commission. The JAEC's three primary areas of focus are the construction of nuclear power plants for electricity production, the development of Jordan's uranium resources for the extraction of nuclear materials, and the construction of the Jordan Research and Training Reactor for human resource development and the production of isotopes.

The EMRC is responsible for creating the necessary framework and regulations for electricity production and uranium mining. Meanwhile, the Jordan Nuclear Power Company (JNPC), established in November 2015, is tasked with developing Jordan's first nuclear power plant, a 2000-MW facility expected to come on-line between 2027 and 2028. The JNPC will act as the owner and operator of the plant in addition to all of the power it generates.

**Reactor Development**

March 2015 marked a major step forward for the two-unit nuclear plant as the JAEC signed a $10bn agreement with Russian firm Rosatom to establish the legal framework for its construction 60 km east of Amman.

The JAEC reports that an environmental impact assessment and site suitability study are being carried out, with the commission now shifting its focus to the commercial, legal and financial frameworks, including negotiations for 16 ***planned*** agreements and contracts covering engineering, procurement, construction and fuel supply.

Rosatom's reactor export subsidiary AtomStroyExport is slated to supply nuclear technology for the plant's construction, while Rosatom Overseas will act as the plant's ***strategic*** partner and operator, with its parent company providing fuel for the plant under a 10-year supply agreement. Barring any major geopolitical shocks, the JAEC expects the project to reach financial close during 2018. "One major goal of the project is to achieve price stability in our energy and electricity markets. Shocks every 10 years have had adverse impacts on the economy, whereas with nuclear or oil shale power we'll be better able to formulate long-term price projections," Yazan Al Bakhit, economic researcher at the JAEC, told OBG.

**Training**

To further strengthen its nuclear efforts, the JAEC has constructed the Jordan Research and Training Reactor (JRTR), a 5-MW research reactor located on the premises of the Jordan University for Science and Technology. First criticality for the JRTR was achieved in April 2016, and the JAEC aims to use the reactor to bolster education and training in the field. "We now have a working demonstration, the Jordan Research and Training Reactor, which is a major milestone for nuclear ***programmes*** in Jordan. The centre will allow for the training, education, and production of isotopes for Jordan and the export market, all of which are important steps towards nuclear industry development," Al Bakhit told OBG.

**Sesame Studies**

Apart from Russia, Jordan's nuclear development agenda includes many bilateral partners and international agencies, including the US, the EU, Israel, UNESCO and the International Atomic Energy Agency (IAEA).

These and other partners offered support for the Synchrotron-light for Experimental Science and Applications (SESAME) facility, described by the IAEA as the Middle East's first major international synchrotron research centre. Preparatory work for the facility started back in 2004, with scientists from Cyprus, Egypt, Iran, Israel, Jordan, Pakistan, the Palestinian Authority and Turkey participating in its establishment and research activities.

Inaugurated in May 2017, SESAME was modelled after the European Organisation for Nuclear Research, developed with support from UNESCO and the IAEA. A synchrotron accelerator at the heart of the facility generates intense light beams - so-called beamlines - for scientific and technical research. These accelerators use high voltages to ***produce*** artificial radiation in the form of beams and electrons, and are widely used in a wide array of scientific disciplines, including medicine, energy research, environmental science, biosciences, physics and chemistry.

Researchers are hoping to establish up to 24 beamlines covering dozens of scientific applications. To date, two infrared and X-ray fluorescent beamlines have been installed and are now capable of ***producing*** photons. SESAME centre managers now ***plan*** to undertake joint projects with other international synchrotron radiation facilities.

**Outlook**

Although rising power demand and energy import dependence will continue to drive nuclear, oil shale and renewable power projects in Jordan, installing higher capacity grids to absorb new capacity will be the critical next step. NEPCO is expected to continue implementing grid renewals, such as the $160m Green Corridor project launched in October 2015 in partnership with the French government and European Investment Bank. This project entails a series of upgrades throughout the kingdom's southern transmission network.

In October 2016 NEPCO announced it had started processing bids for three tenders issued for the supply and installation of a new electricity substation in Ma'an - an area well suited to wind projects - in addition to the expansion of substations in Qatraneh and at the Queen Alia International Airport in Amman. All three tenders were awarded by February 2017, with the MEMR announcing in June 2017 that all Green Corridor projects had been tendered and were set for delivery within 18 months, paving the way for sustainable long-term industry development, as well as opportunities for private sector investment.

**Load-Date:** March 12, 2020

**End of Document**



[***United plans premium economy on the 787-10; E United Airlines will offer its new premium economy product on the Boeing 787-10 when the aircraft is introduced later this year, a seat map for the stretched Dreamliner shows.***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S3H-K491-JCF2-H537-00000-00&context=1516831)

Flight International

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**Body**

United Airlines will offer its new premium economy product on the Boeing 787-10 when the aircraft is introduced later this year, a seat map for the stretched Dreamliner shows.

The Chicago-based carrier will configure the 787-10 with 318 seats, split between 48 Polaris business, 21 premium economy, 45 extra-legroom economy and 208 economy, a seat map published in the 1 May update to United's flight attendant manuals and shared with FlightGlobal shows.

LAflyr on Twitter

United ***plans*** to take delivery of its first three 787-10s this year, its latest fleet ***plan*** shows. It has firm orders for 14 of the aircraft.

The airline also released updated seat maps for its Boeing 767-300ER, 777-200 and 777-300ER aircraft with premium economy, or "Premium Plus" as it calls the product, in the update. The 767 will have 22 premium economy seats in a two-two-two configuration, and the 777-200 and 777-300ER 24 seats laid out two-four-two.

The density of the 767-300ERs in United's fleet will decrease dramatically, to 167 seats from 214, with the addition of premium economy. A seat map shows its Polaris business class will also increase to 44 seats from 30 seats.

In addition, density will decrease to 276 seats from 292 seats on the 777-200s, and to 350 seats from 366 seats on the 777-300ERs.

United declines to comment on the seat maps or ***plans*** for Premium Plus.

The airline announced ***plans*** in January to roll out a premium economy cabin. It has been mum on details except to say the product will be offered as a separate class between economy and business.

United

The seat map shows three rows of premium economy in a two-three-two configuration on the 787-10.

Competitors, including American Airlines and Delta Air Lines, have been introducing premium economy on increasing numbers of routes to the USA, leaving United at a loss for a product between extra-legroom economy seats and business class.

Boeing delivered the first 787-10 to Singapore Airlines in March, with United one of the customers scheduled to take the stretched variant from the airframer's North Charleston, South Carolina, factory this year.

The 787-10 is 11m longer than the 787-8 and has capacity for 330 passengers in a standard two-class configuration, according to Boeing. It has a range of 6,430nm.

United operates 12 787-8s and 25 787-9s, in addition to its 787-10 order, Flight Fleets Analyzer shows.

JOURNAL : Farmers Weekly

The Country Land and Business Association (CLA) has accused mobile phone network operators of abandoning the countryside after new information revealed a lack of investment in masts.

A Freedom of Information request submitted to ***planning*** authorities by the CLA showed some of the worst-served counties had not had a single new mast sited in three years.

See also: Allow phone masts or lose subsidy – threat to Welsh farmers

In Rutland, where less than 4% of premises can get 4G from all four main providers, no ***planning*** applications for masts were submitted at all between 2015-17.

The Forest of Dean and Tunbridge Wells, classed as rural areas, also failed to see any investment in new masts over the three years.

Lagging behind

Overall, across England and Wales, the data showed new mast sitings were made at a similar rate each year in both urban and rural local authorities. On average rural local authorities approved 4.5 masts a year and their urban counterparts put in 4.3 a year.

However, the CLA argues coverage in most rural areas is far lower than in cities and towns and so a faster rate of improvement is needed to close the gap.

‘Digital wilderness’

In a swingeing attack on network operators and the regulatory body Ofcom, CLA deputy president Mark Bridgeman said the countryside had been abandoned as a digital wilderness.

“This new data shows what rural communities have suspected for a long time, that the mobile industry is willing to abandon rural areas.

“Three years ago, we were told coverage would be delivered in the countryside and yet rural communities are still waiting,” Mr Bridgeman said.

“In the same period the mobile industry has got the new legal powers it wanted, on the basis it is a utility service.

“Now it must be forced to deliver the universal service a utility operator provides. We expect government and the regulator to take a tough line on this, and if Ofcom won’t then ministers must step in.”

Review remit

The CLA is now calling on the Department for Digital, Culture, Media and Sport (DCMS) to review Ofcom’s statutory remit and confirm the body should prioritise working towards universal, quality mobile coverage for consumers.

Mr Bridgeman added: “The mobile operators have no market incentive to improve coverage in these rural areas.

“It is absolutely clear the only way they will deliver the coverage the countryside needs is if they are forced to do so.

“However, rather than pushing them to achieve universal coverage for consumers, Ofcom is setting soft targets for rural coverage. As a result, rural consumers face inadequate service and lack of network choice for years to come.”

But a DCMS spokesman insisted that mobile coverage in the UK was better than ever.

"Some 91% of the UK landmass now has voice coverage, but there's more to do," said. "We have implemented major changes to ***planning*** laws and made it cheaper and easier for industry to rollout masts, but the mobile companies now need to act fast on these reforms and deliver better coverage across the UK, particularly in rural areas.

"Ofcom is also currently looking at placing new obligations on industry to drive up rural mobile coverage even further."

Mobile phone mast ***planning*** applications made between 2015-17 in areas with lowest 4G coverage

Area

Indoor 4G available from all four providers (%)

Approved applications for masts 2015-17

Rutland

3.42

0

Ribble Valley

6.37

2

Maldon

8.63

3

South Norfolk

10.64

4

Breckland

11.22

5

Melton

13.76

12

Copeland

14.13

n/a

North Norfolk

14.18

12

North Dorset

14.24

n/a

Mid Devon

14.25

5

Source: CLA FoI Request

JOURNAL : Farmers Weekly

A new cloud-based crop-monitoring platform claims to be capable of providing detailed information about yield forecasts, crop conditions and soil moisture on a field, regional or country scale using data collected from satellite images.

Earth Observing System (EOS) has designed its crop-monitoring tool for input suppliers, commodity traders and crop insurance companies, but it can also be used by large-scale farmers for keeping tabs on huge swathes of land across Europe, North America and Russia.

See also: Tech company builds clever maps to make sense of crop data

It has been developed by a team of data scientists and software engineers and allows companies to see maps showing different crop types, yield forecasts, field boundaries, vegetation indices, growing conditions and weather data. It can also automatically remove cloud cover and shadows.

It includes both historical and current observations to manage risks and evaluate crop performance. This allows quick identification of a field’s performance throughout the growing season as well as high-risk areas affected by droughts, floods or hail.

JOURNAL : Farmers Weekly

Farmers have called for a new rural affairs ***programme*** to represent “true countryside matters” after the BBC’s Countryfile was criticised for its coverage on veganism and animal welfare activists.

On Sunday 8 April, the BBC ***programme*** looked into how these groups are impacting on Britain’s farming community.

Over the course of the ***programme***, presenter Tom Heap spoke to an animal welfare activist, a vegan, a dairy farmer and a Nuffield Farming scholar.

See also: Countryfile ‘scapegoats’ farmers over hedgehog decline

Countryfile reported 1% of the adult population in Britain is now vegan, some 559,000 people, and those who have taken that decision due to animal welfare concerns often take “direct action”.

Mr Heap first spoke to Toni Shephard, executive director at Animal Equality, an organisation which campaigns to improve animal welfare standards, but also stages protests and trespasses on farms in order to film and take photos of what they find.

She said: “The greatest contribution we can give is ending cruelty to farmed animals. The best way to stop suffering for animals is not to eat them.”

Footage

During the interview, Ms Shephard said she wanted to alert people to “pigs being fattened indoors on slatted flooring” and “caged hens in windowless environments”. Animal Equality footage was also shown of animals in poor conditions.

However, this has prompted criticism from some viewers who believe the videos showed animals in countries other than the British Isles, with some pointing out writing in a foreign language, and asking why Countryfile failed to explain where they were filmed.

Members of the British Farming Forum Facebook group called the ***programme*** “anti-farming”, “Townfile” and a “disgraceful misrepresentative ***programme*** by townies for townies”.

Some stated they now only tuned into the ***programme*** to watch the weather for the week ahead segment.

Others called for the development of a new rural ***programme***, with farmers presenting and appearing, to boost the industry’s reputation and report on “true countryside matters and obstacles”.

Impartial

But a Countryfile spokeswoman insisted the ***programme*** had dealt with an important item "in a balanced and impartial way".

"Countryfile has a long history of covering issues that matter to the farming community and the countryside," she said.

"The ***programme*** appeals to a wide audience, but we don’t compromise on the editorial integrity of our rural stories and farming journalism.”

The BBC has said the Animal Equality footage shown on the ***programme*** was filmed within the UK.

(function(d,s,id){var js,fjs=d.getElementsByTagName(s)[0];if(d.getElementById(id))return;js=d.createElement(s);js.id=id;js.src='[*https://embed.playbuzz.com/sdk.js*](https://embed.playbuzz.com/sdk.js)';fjs.parentNode.insertBefore(js,fjs);}(document,'script','playbuzz-sdk'));

Online abuse

When questioned on the morality and legality of animal activists trespassing on farms, Toni Shephard, executive director at Animal Equality denied attempting to intimidate farmers and added: “Trespass is a civil offence, not a criminal offence, and we’ve never had anyone attempt to prosecute us.”

But two farmer victims of this kind of trespass, who wished to remain anonymous, explained though they had not broken any animal welfare laws, the footage posted online prompted a barrage of abuse.

One said: “You feel like you’ve been attacked.”

The second said it had negatively affected their business and their staff, and they were now afraid to be on their own farm after dark.

Abi Reader, a dairy farmer from South Wales, has also come under attack over her job on social media. She explained: “The issue with social media is you never really know who is on the other side of the keyboard. If they have a genuine concern, we are very happy to answer that, but don’t go after people and give abuse.”

JOURNAL : Farmers Weekly

Spring fieldwork is being fitted in between the rain showers as our agronomists give advice for delayed spring drilling, weed control options and perhaps even missing out an early T0 fungicide spray.

Where spring barley is being drilled late, seed rates will have to be increased, and also nitrogen and herbicide applications adjusted to take into account the likely lower yield potential.

See also: Video: Sugar beet drilling starts as growers play catch-up

Once warmer weather appears, crops will race through their growth stage, so agronomists are urging growers to try and keep on top of fieldwork in the very busy next few weeks.

East: Marion Self

Prime ***Agriculture*** (Suffolk)

A sigh of relief as the mid-April forecast promises drier, more settled weather. As field conditions dry, wheels are turning and the heavy spring workload is underway. Expect fast growth as crops respond to warmer temperatures, recent nutrition and increasing day length.

Spring drilling has been delayed but hopefully much should be achieved in the next two weeks. In sugar beet, remember to start the post-emergence herbicide ***programme*** with combinations that are safe to the crop.

This is important in drier/warmer conditions where beet emergence is uneven and “difficult” weeds like knot grass are already growing. It’s important not to let these weeds get away.

For later-drilled spring barley there will be a lower yield expectation, so final nitrogen dose and herbicide ***programmes*** may need adjustment.

See also: Two varieties lead spring barley drilling season

T0 fungicides on winter wheats are underway and for most crops well-timed sprays (beginning of stem extension) offer disease protection, until a well-timed T1 application (emergence of leaf 3) later this month.

Despite lower early disease pressure, septoria and rust development will increase as temperatures rise. For the control of these diseases and for resistance management it is important to keep sprays robust, with tight timings between the applications.

Oilseed rape is extending, with forward crops now at yellow bud. If a ***planned*** plant growth regulator has been delayed due to heavy workloads there is still scope to apply these treatments.

As crops near yellow bud the benefits of treatment will shift from a reduction in crop height and lodging to those associated with canopy manipulation such as improved light penetration.

South: Richard Harding

Procam (Sussex)

It was beginning to feel rather surreal driving past fields at the end of March without a sprayer or tractor in sight.

Nevertheless, the weather is allowing progress to be made on the backlog of fieldwork and frustration, which has now built up in equal measure. On the lighter soils of the Downs good progress has been made with spring drilling.

Spring barley has gone into very good seedbeds and good soil moisture has allowed pre-emergence herbicides to work well. Where heavier soils are yet to dry, patience will be needed to drill into the right conditions to offset the potential yield penalty of later drilling dates.

The priority is getting the stem extension fungicides on oilseed rape crops, which are putting on rapid growth. While pollen beetle can easily be found in crops, recent AHDB work suggests pollen beetle numbers are rarely damaging.

T0 fungicides, plus plant growth regulators, have, or are about to be applied, on both winter wheat and winter barley. There is a huge variation in growth stages, depending very much on whether ground conditions have allowed early nitrogen to be applied.

Despite later T0s on winter cereals this spring, ***plans*** are in place for T1 timings, which are likely to be in the latter part of April, with the aim of targeting the emergence of leaf three. This is the critical timing for the suppression of what is likely to be a high-septoria-pressure season.

While the frost, snow, and generally colder weather has had a positive effect on yellow rust levels, it has only slowed rather than eradicated it from crops.

Varieties with low disease scores and high yield potential sites will see T1s based around the actives epoxiconazole, azoxystrobin, chlorothalonil, and the SDHI  benzovindiflupyr. This is a robust mix, particularly useful where a T0 has not been applied.

North: Mary Munro

AICC/Strutt & Parker (Perthshire)

The prolonged wintry weather is a massive headache for arable farmers, but our hearts go out to the livestock ***producers*** struggling with awful conditions for lambing and calving. A further dollop of snow at Easter really set everyone back on their heels again.

A year ago this week we were in full swing with spring sowing, spraying and fertiliser spreading. So far, most, but by no means all, the winter crops have had one dressing of fertiliser, and a few growers on lighter ground have sown some beans.

The winter crops are quietly moving on though, and in terms of growth stages are probably only a week or two behind the norm. Where they have had a boost of nitrogen they are looking well, and disease levels are minimal.

Lower leaves have dropped off, so plants are generally clean. It is a good time to evaluate the differences between varieties and ***plan*** for the risks ahead.

The oilseed rape crops barely moved in March but are just starting to extend, and the crop protection ***plan*** is unchanged – a fungicide for light leaf spot to go on when ground conditions allow.

Normally T0s would have been on wheats by now and a 3-4 week gap expected before T1. For many crops this is not going to work, and once temperatures rise the crops will shift through the growth stages quickly.

I do not see much point applying a T0 knowing that the T1 will be due a fortnight later, unless there is disease to knock out, so my inclination is to skip T0 and go for T1 at the early end of the spectrum, with all of the plant growth regulator dose.

The challenge is to time the sprays as close to the right growth stage as possible, especially with T1 and T2. The winter barley ***plan*** is unchanged: two shots of Siltra XPro, the first without chlorothalonil, the T2 with chlorothalonil to counter ramularia.

West:  Antony Wade

Hillhampton Technical Services (Hereford/Shropshire)

Looking back at my article last month, I really wish I could say we have cracked on with the backlog of fieldwork, but opportunities have been very limited, with ground conditions challenging.

The occasional dry day has been snatched to get some of the oilseed rape sprayed, but in some cases the herbicide had to be withdrawn as the buds were too far emerged.

I will still be looking to get some plant growth regulator applied at green to yellow bud either as a specific growth regulator, such as Caryx, or an azole with growth regulator activity, such as metconazole or tebuconazole.

Wheat and barley have only had their first nitrogen-sulphur first splits, so certainly barley and second and late-planted wheats will be a priority once we can travel, two dry days at the end of last week allowed some to make a start.

A few T0 recommendations for September-sown wheat were sent out pre-Easter, but 64mm of rain over that weekend have meant that these are still in the store.

I am hoping that this week offers some drier conditions so that we can get some chlorothalonil on to hold the significant septoria that is present on lower leaves. If we don’t we may be looking at going straight to a robust T1, which will probably include an SDHI.

The winter barley T0 boat has well and truly sailed so I am now ***planning*** an earlier GS31 T1 timing with disease levels low I am not concerned about this approach. But, like the oilseed rape, I am expecting a growth spurt and without any early plant growth regulator applied this is more of a concern than disease control.

Very little spring drilling has been done and, as others have commented, this will probably have an impact on the yield potential of all spring cereals and pulses. We will stick with them until the end of April, but after that it may be better to leave the seed in the shed.

JOURNAL : Farmers Weekly

The Crown Estate (CE) is negotiating with tenants of its Taunton estate in Somerset on the sale of up to 7,000 acres.

The estate, with more than 20 farms, is a mix of dairy, livestock and arable holdings including both equipped holdings and bare land lettings in the parishes of Neroche and Cheddon Fitzpaine.

The CE has a policy of selling “non-core” farms and land to restructure its rural assets, creating larger lot sizes and modern tenancies, according to its latest annual report.

See also: Is it a good or bad time to buy a let farm?

“In line with our investment strategy, the CE is considering ***plans*** for its holdings in Taunton and is currently discussing potential farm sales with tenants,” said Malcolm Burns, head of rural at the CE.

“Sales such as this play an important role in raising capital for reinvestment across our portfolio, in sectors where we have the scale and expertise to outperform the market. We will continue to work closely with our tenants and local stakeholders as ***plans*** for the estate progress.”

The CE owns about 220,000 acres of ***agricultural*** land and has total assets of £13bn, much of which is in retail and commercial property, as well as offshore wind.

The sale of ***strategic*** land sites and non-core rural land raised £209m in the year ended 31 March 2017. This included the proceeds of farm sales in Dorset and at Marlborough in Wiltshire,

JOURNAL : Farmers Weekly

A dairy farmer from Wales has cleared his name after he was accused by animal health officials of tampering with his TB tests in order to falsify results.

Hefin Owen from North Carmarthenshire has been cleared of charges relating to animal welfare breaches and administering noxious material to his own cattle.

His battle has been going on for more than two years, after Animal and Plant Health Authority (APHA) officials accused him of tampering following a TB test that found 74 reactors and 21 inconclusives.

See also: Expert advice: What happens if my herd fails a TB test?

Mr Owen, who farms with his partner Lucy, was forced to go through the ordeal of watching 30 of his cattle being shot in the farmyard.

He was then asked to keep the remaining 44 reactors on farm in isolation, rather than take them to slaughter.

Police raid

The farm was later raided by police and animal health officials, who arrested Mr Owen alleging that he had injected the animals in their neck with a substance in order to encourage a positive TB test result.

As a consequence of the accusation, the compensation payment for the animals slaughtered as reactors was stopped and his dairy farm faced financial ruin.

But after a five-day hearing at Aberystwyth Magistrates Court in the week ending 23 March, District Judge Parsons found Mr Owen not guilty of all offences.

Harrison Clark Rickerbys, the law firm representing Mr Owen, said the defence team had been able to demonstrate the complete failure of the prosecution to prove their case and fundamental flaws in their evidence.

“It has been pretty awful for the past three years and it has been a real struggle to keep going,” Mr Owen told Farmers Weekly.

“We have nearly lost the farm and have been lucky to have such a good landlord.”

Mr Owen said at the time of his arrest, APHA had already conducted tests on the 30 animals that had been culled, but had found no sign of any substance.

Money owed

Despite having his name cleared in court he is still to be paid for any of his animals.

He intends to pursue the authorities for the money owed and compensation for damages.

See also: Six-hour TB test shows promising early results

Aled Owen of Harrison Clark Rickerbys said that he was pleased for the family, adding: “This case highlights the need for early technical advice from someone who has experience of the industry.

“These are complex matters and if not prepared correctly, with identification of the right experts and appropriate strategy, then they can go wrong.

“It is also important not blindly to accept scientific evidence, but to challenge and evaluate what it purports to show and what it really demonstrates.”

A Welsh government spokesperson said: “We are aware of last week’s court ruling and are considering its outcome.”

JOURNAL : Farmers Weekly

Tight dairy cattle supplies have kept trade remarkably steady amid testing times as milk price cuts, freezing conditions and forage shortages have made for a long winter.

However, auctioneers admit trade eased slightly in the first quarter of 2018 compared with last autumn’s levels. First-quality cattle dropped £80-£100 and second-quality milkers slipped back about £150-£200.

Keen bidding has been reported for quality 30-litre heifers and cows giving 35-40 litres or more.

Supply has been hit by “the swing to beef” of 2015-16 when cheaper beef straw were used, while the demand side is being bolstered by beef prices and the values of cull cows and beef-cross calves.

 See also: Huge Dutch cow cull could be good for UK dairy prices

Auctioneers say the shortage is down to:

Low UK supply due to “swing to beef”

TB culling keeping numbers low

low EU supply – Dutch cow cull due to phosphate regulations

Weak pound hampering imports slightly

[*https://infogram.com/dairy-trade-and-markets-the-numbers-1h0n25xdkzgl4pe*](https://infogram.com/dairy-trade-and-markets-the-numbers-1h0n25xdkzgl4pe)

Beeston Castle

A range of factors are supporting a very firm trade at Beeston, where Simon Lamb, Wright Marshall, says the main driver of a firm trade is the lack of cows nationally.

Throughputs have been about 10% down at mid-month sales for the past nine months or so, with Mr Lamb saying the switch to beef straws during the dairy downturn is now being seen in the dairy rings.

“Trade at our March sale was back up to the levels seen last autumn,” he explains. “Selling cows was definitely harder work in January and February but with milk prices falling at the rate they were it was hardly surprising”.

Recently, dispersals have seen the Saxelby herd hit 3,000gns twice and bring a total of nine calls at 2,400gns or more and 127 milking cows and heifers level at £1,774.99, including heifer calves at £628.

On Tuesday (3 April) the 154-cow Spellowhill herd, Knaresborough, made £1,454, including 43 heifer calves at £507 as calls of 2,280gns, 2,200gns, 2,180gns, 2,120gns and seven 2,100gns were made.

Frome

Supplies are also tight in Somerset, where TB restrictions continue to challenge buyers and sellers alike, almost halving numbers at weekly cattle sales.

Dairy and store cattle auctioneer Trevor Rowland at Frome Livestock Auctions explains that weekly numbers at the Wednesday sale have fallen from 25 to 12-15-head in recent months.

Summarising the demand side of the market, Mr Rowland said: “Dairy trade is pretty good and has held up well considering the processors cutting prices.

“There are a lot of level profiles and people wanting to buy cows to keep up with weekly production levels and meet their quotas.”

Norton and Brooksbank

Young cows are making just as much if not more than heifers, observes Tom Brooksbank, dairy cattle auctioneer and valuer of Gloucestershire-based Norton and Brooksbank.

He has noticed a definite premium for quality, with anything calved a long time, a touch lame or carrying a faulty udder down by several hundred pounds.

“Barren cows seem to have put a bottom in the market,” he says. “People seem to be keen to buy young cows at 35-40 litres/day or more – people need the milk.

“My impression is there aren’t quite so many cows coming into the country from Europe. The competitive pound won’t be helping that job too much.”

JOURNAL : Farmers Weekly

Intense competition for British lamb has seen year-on-year values soar by up to 45% at auction markets this week, while the latest deadweight prices have hit their highest ever level.

Figures released by the AHDB show the GB deadweight old season lamb (OSL) SQQ recorded its 22nd week of consecutive growth – gaining another 7.5p, to 536.7p/kg in the week to 31 March.

The measure now stands at the highest ever level across both the new season lamb (NSL) and OSL series. The previous high was recorded in May 2013, the AHDB said.

See also: Fat lamb prices increase £10 per head in a month

Estimated slaughterings for the week stood at 231,700 head, 3% above the same week last year.

Strong performance

AHDB analyst Rebecca Oborne said throughput was an especially strong performance considering the Easter weekend.

“Reports suggested some abattoirs still worked a full kill week despite the bank holidays,” Ms Oborne added.

AHDB figures for GB liveweight OSL standard quality quotation also rose sharply by 7.68p week-on-week, to 240.07p/kg standing at 61.77p above year earlier levels up to 31 March.

The trend has continued through the past week with prices up to 251.42p/kg by Wednesday 4 April, 26.07p above week earlier levels and 10p above the previous day.

Soaring prices

The soaring prices have been seen across the country, according to Livestock Auctioneers Association executive secretary Chris Dodds.

“Competition between buyers at livestock markets is intense and we have seen them driving up the price by 60-70p/kg year on year,” Mr Dodds said.

He suggested that was due to strong demand for British lamb combined with a lower supply after the harsh winter and spring weather.

“The demand has been driven by retailers switching to British. That is especially good news given the uncertainty over Brexit,” Mr Dodds said.

“Relatively high global prices and a weaker sterling have also made imports less attractive,” he added.

Buoyant market

The buoyant market showed no signs of abating, he said, with old season supply dwindling and a slow changeover to new caused by losses and poor growth rates in harsh weather.

In the south east of England auctioneer Elwyn Davies said Ashford market in Kent had seen 35-55kg hoggets average £112 a head. That is 45% higher than the same price a year ago when the average was £77 a head for the same weight.

“We are optimistic that the buoyant market will continue because demand is high both for exports and the home market,” Mr Davies said.

“I can’t see that changing any time soon because the supply of NSL is going to be slow.

“Fewer people ***produce*** early lamb in the south because input costs are so high that it doesn’t make sense to push them hard,” Mr Davies suggested.

Strong demand

At the opposite end of the country Jonny Williams, senior livestock procurement officer for farmer marketing group Farm Stock Scotland, said price rises had been similar to those at Ashford.

“We are seeing the highest levels for many years driven by a strong demand for Scotch lamb.”

“I don’t see that changing before the Royal Highland Show [at the end of June] because NSL supplies have been hit so hard,” said Mr Williams.

“There have been big losses of stock in the severe weather so that will hold back supply,” Mr Williams added.

The situation was repeated in North Wales and the Welsh borders.

Livestock Auctioneers Association chairman John Brereton who sells at St Asaph and Oswestry markets said demand for lamb was strong across all weight ranges and breeds.

“[On Thursday 5 April] St Asaphs old season lamb had hit 285p/kg while new season had gone beyond the £3/kg mark,” Mr Brereton said.

“Competition between buyers at the markets even for the heavy weigh ranges has been intense and fuelled further by an excellent export trade.

“I am optimistic this buoyant trade will not slow down,” Mr Brereton added.

JOURNAL : Farmers Weekly

The government has called for views on proposals to improve animal welfare in transit which include a ban on live exports for slaughter post Brexit.

In the consultation document launched by Defra secretary Michael Gove, the government says it would prefer animals to be slaughtered close to the point of production.

And it adds a trade in meat and meat products is more desirable than the long-distance transport of animals specifically for slaughter.

The consultation is based on an online survey that outlines a range of areas including transport journey times for sheep, pigs, cattle, poultry, goats and horses.

It also calls for views on the suitability of different transport modes and welfare issues relating to the export such as final destination and purpose.

Launching the consultation, Mr Gove said all animals deserved respect and care at every stage of their lives.

“This call for evidence begins to deliver on our manifesto commitment which aims to control the export of live animals for slaughter once we leave the EU,” Mr Gove said.

“We have some of the highest animal welfare standards in the world which we are strengthening by raising maximum sentences for animal cruelty to five years and introducing mandatory CCTV in abattoirs.

“With all options being considered, I am keen to hear from industry, the devolved authorities and charities on all possible options on this vital issue,” he added.

Defra also announced the consultation would be supported by a Farm Animal Welfare Committee review into the existing welfare standards and further research work carried out by universities and colleges in Scotland.

See also: MPs urged to ban live animal exports for slaughter

The government consultation was welcomed by vets.

British Veterinary Association president John Fishwick said: “We believe that production animals should not be transported long distances to the abattoir but should be slaughtered as near to the point of production as possible.

“Animals should be transported on the hook, as meat, not on the hoof, as live animals,” Mr Fishwick said.

“It is vital that we maintain the UK’s current high standards of animal welfare post-Brexit and seek opportunities to improve them. We look forward to contributing to this call and seeing the results once the evidence has been collected,”

Opposition expected

But some in the livestock sector could use the consultation to contribute strong opposition to an export ban.

Speaking in January this year, the Ulster Farmers’ Union (UFU) said banning live exports would be “completely unworkable” for the farming industry.

The live export of cattle and sheep forms an integral part of the Northern Ireland livestock sector, injecting more than £70m/year into local farm businesses, the union said.

“To prohibit or heavily restrict live exports will badly damage primary production in Northern Ireland,” said UFU president Barclay Bell.

“It will be detrimental to all hopes of having a holistic local livestock sector that can deliver for the economy, environment and rural communities.”

Have your say

The online survey for responses is available on Defra’s website. The consultation document is also available as a PDF. The closing date for response is 22 May.

Enquiries and responses should be emailed to [*animalwelfare.consultations@defra.gsi.gov.uk*](mailto:animalwelfare.consultations@defra.gsi.gov.uk) or sent by post to the Animal Welfare Team, Area 5B, Nobel House, 17 Smith Square, London SW1P 3JR

JOURNAL : Farmers Weekly

The row over the use of homeopathic treatments for livestock and pets has been reignited after Defra said it has no evidence that homeopathy is a risk to animal welfare.

Farm minister George Eustice was asked a parliamentary question by David Tredinnick MP (Conservative, Bosworth) about whether Defra has any evidence to show that homeopathic vets were a risk to animal welfare.

In response, Mr Eusice confirmed that Defra does not have any evidence.

See also: Effectiveness of homeopathy for livestock unproven, review warns

However, the minister added that it should be noted that homeopathic treatments are not subject to the same level of detailed efficacy and safety tests as “conventional” medicines.

Scientific principles

Peter Gregory, veterinary dean of the Faculty of Homeopathy, said the minister’s answer drives “a coach and horses” through the stance taken by the Royal College of Veterinary Surgeons (RCVS).

RCVS released a position statement in November 2017 that said homeopathy was not based on “sound scientific principles” and in order to protect animal welfare it regarded such treatments as being complementary, rather than an alternative to conventional treatments.

“The argument that homeopathy endangers animal health is spurious, unsubstantiated and wrong,” said Mr Gregory.

“In light of the secretary of state’s statement, I call on the Royal College to look again at its position on the use of complementary medicines in veterinary practice.”

Efficacy issues

In response, RCVS said it remains the college’s position that while there is no evidence that homeopathic medicines and treatments are harmful in and of themselves, there is also no recognised evidence base regarding their efficacy and that homeopathy is not based on sound scientific principles.

“As per our statement of 3 November 2017, we believe that the risk to animal health and welfare does not come directly from the use of homeopathic medicines or treatments but from their use preventing or delaying the use of medicines or treatments that do have an evidence base and are based on sound scientific principles.

“For these reasons we would reiterate that while homeopathic products can be used, it should be on a complementary basis to conventional medicines and not as an alternative.”

More than 18,000 people have signed an online petition in support of veterinary homeopathy since the RCVS published its position statement.

The British Association of Homeopathic Veterinary Surgeons has organised a demonstration that will take place in London on 16 April.

JOURNAL : Farmers Weekly

No cultivations have been carried out for the past three-and-a-half years at a Wiltshire farming business, since the decision was taken by the father-and-son team of George and Patric Hosier to move to direct drilling.

During that time, there has been a reduction in the use of crop inputs and significant savings in time and fuel use across the 450ha of crops – with further efficiencies anticipated as the system matures and soils improve.

With the focus shifting to building soil biology, the rotation has been extended and cover crops have been integrated, with the farm’s existing cattle and sheep enterprises being used to graze the majority of them.

See also: Top tips from two US no-till and cover crop veterans

Spring crops have always featured, with spring barley being a mainstay in the rotation, but now they are drilled “on the green”, with glyphosate used to destroy the preceding multispecies cover crop the day before they go in.

Soil resilience

Already, the varied soil types farmed by PT Hosier & Son at Wexcombe, near Marlborough are more resilient and able to cope with unpredictable weather, while minimal soil disturbance means the blackgrass burden is becoming more manageable.

“Our soils are holding together well and infiltration rates have improved, so there’s less risk of run-off,” says George.

“We have also seen big improvements in blackgrass control in some situations, with two crops being ***produced*** without the help of any grassweed herbicides.”

Both of those were later drilled and were in fields coming out of grass, he reveals. “In other situations, we haven’t been able to reduce weed populations as much, so we will be making more use of grass leys on our calcareous soil types to help.”

Drill choice

Six years ago, when the Hosiers were considering the purchase of a new drill, they were keen to reduce the amount of ploughing taking place, by doing more minimal tillage and extending the time between ploughing from three to six years.

“We were ploughing to help with blackgrass control, which was time consuming and costly,” he recalls.

The farm’s previous tine drill was unable to cope with chopped straw, so where ploughing hadn’t taken place all the straw had to be buried first – resulting in four passes before drilling could commence.

“We needed to change, to restructure our soils and bring our establishment costs down. Finding one system to suit all of our requirements wasn’t easy, especially as we also didn’t want to use 300hp to pull whichever system we chose.”

No-till advantage

At the time, two Nuffield scholarships on no-till farming were creating interest, so Mr Hosier went to have a look at the results from some early adopters.

“Everything I saw on their farms proved that no-till could work,” he adds.

“We went ahead and had a trial 30ha area of spring barley direct drilled by Primewest using Cross Slot technology in February 2014, with half going into a mustard cover crop and the remainder into stubble.”

That experience encouraged him to order a Cross Slot drill, which didn’t arrive until the following February. In the meantime, he had half of his winter wheat contract drilled in September 2014.

“We drilled two fields next to each other, so we could compare the old and new systems. It rained so heavily a few days later that we experienced considerable soil run-off from the conventionally drilled area. The new drill proved itself before it arrived.”

On-farm use

Since then, he has been using the drill across all of the spring and winter crops grown, as well as to establish new grass leys.

To date, spring cropping has proved to be more challenging than winter, while cover crop destruction and crop nutrition requires further fine-tuning.

A modification to the drill has given Mr Hosier the ability to apply liquid fertiliser with the seed at drilling. “It has helped our spring crops get away quickly, as without any soil disturbance you don’t get mineralisation of nitrogen occurring.”

He also admits to learning to drill spring crops when the ground conditions are suitable, rather than waiting for a certain soil temperature.

“Having been through a tricky time in years two and three, with the expected yield dip, our crops are looking good his year.”

Slugs were the biggest issue in those first two years, he acknowledges. “Two things have helped. The rotation has been extended, so that we’re now only growing oilseed rape once every 10 years, and we purchased a stripper header to help with residue management.”

Stripper header

To avoid leaving harbours for slugs and prevent chopped straw lying unevenly and forming clumps when wet, the stripper header is used for the wheat, barley and pea harvest so that straw is left standing across the fields.

With far less plant material going through the combine, the chaff is much easier to spread across the whole width and the bulk of the residue is distributed evenly.

“The stripper header has had a huge benefit on time and diesel – we were doing 200 drum hours per season before, now we are down to 139 drum hours.”

There are some losses at harvest with it, but they’re not significantly more than using a normal header, notes George.

“There are certain weather conditions where we wouldn’t use it and our oilseed rape and bean crops can’t go through it. We also use some straw on the farm for our cattle and sheep enterprises.”

[*https://infogram.com/fuel-consumption-1hxj48r7krrq6vg*](https://infogram.com/fuel-consumption-1hxj48r7krrq6vg)

Crop inputs

Some of the most immediate benefits from direct drilling have been the reduction in crop inputs, reports George Hosier.

No insecticide or seed treatment has been used on the farm for the last two years, as well as no bagged P and K.

“We are going to look at nitrogen next,” he reveals. “The system mobilises soil biology and recycles nutrients, so we might be able to reduce our nitrogen by 20%.”

Fungicides are also in his sights. While he hasn’t made any alterations to his fungicide ***programme*** so far, he would like to test things out next year in a first wheat after peas, which followed three years of grass.

Another benefit of the change to direct drilling is the farm’s slimmed down machinery fleet. “The drill was expensive,” admits George. “But it has allowed us to sell other machinery. We now operate with just a sprayer, a combine, a set of rolls, a top dresser and our drill.”

JOURNAL : Farmers Weekly

A Northumberland farmer who was fined £19,000 last year for polluting a watercourse has been fined again for failing to fix the problem.

John Laing, 54, of New Heaton Farm in Cornhill-on-Tweed has been ordered to pay £2,855 in fines and costs for failing to fix the source of the pollution in a protected watercourse.

Mr Laing appeared at Berwick-upon-Tweed Magistrates’ Court on Thursday (5 April), having previously admitted contempt of court.

See also: Ways to reduce the risks of water pollution

The court heard that, in January 2017, Mr Laing was ordered by Newcastle Magistrates’ Court to repair a silo storage unit by 30 June 2017, to prevent silage leaking into a tributary that flows into the River Till.

Mr Laing needed to carry out specific works to capture and prevent any effluent from escaping the silo, and provide written certification from a chartered engineer that the works had been completed to the required standards.

While Mr Laing had enlisted the services of a builder, work had not started before the June 2017 deadline. Visits by Environment Agency (EA) officers in August and September 2017 revealed that some work had begun, but not as agreed and to a poor standard.

Assurances

In mitigation, Mr Laing said he had relied on the assurances of a builder as to the quality of the remedial work and was no longer using the storage facility himself.

Neil Paisley, senior ***agriculture*** officer at the EA, said action would be taken against anyone who failed to follow environmental laws, and added: “John Laing has repeatedly shown a disregard for the law and a disregard for the environment.

“Pollution of any watercourse is a serious offence because of the devastating impact it can have on fish, wildlife and ecosystems.”

If anyone spots a potential pollution issue they can report it to the EA’s free 24-hour incident hotline on 0800 80 70 60.

JOURNAL : Farmers Weekly

After mentioning in my last article I felt we were not ready for the upcoming season, the delayed spring has allowed us to play catch up.

Machines are now being prepared to make sure they are ready to go when conditions allow.

We have only managed one day of field work so far, which allowed us to get double top applied to 50% of the oilseed rape, with an application of terconazole applied to the forward rapeseed.

See also: Top tips from two US no-till and cover crop veterans

I am now desperate to get a first application of nitrogen on to the hybrid barley and some mowing grass (and the rest of the autumn sown crops come to think about it).

The ***plan*** for nitrogen application splits seems to be changing all the time, but at the moment we are moving towards doing less passes with higher rates.

Cover crop trial

Lambing is now finished and calving is heading towards completion at a rapid pace.

Getting ewes and lambs out has been a slow process. The delayed grass growth and the wet conditions on the cover crops have meant managing turned out ewes and lambs has been a juggling act.

I feel the experiment of using a short-term grass ley as a cover crop has been a success. We have had several grazings; it has held the sheep up well, kept them clean and looks to have left the soil in a good condition to drill straight into.

It is tempting to leave one field in and take a cut of silage off to get a return from the investment in the seed.

The Health and Harmony report is definitely worth a read. It is particularly relevant to the generation near the start of their ***agricultural*** careers, as this will potentially shape the farming policy for our working lives.

Jack Hopkins is the assistant farm manager on a 730ha estate in north Herefordshire on predominantly silty clay loam soils. Cropping includes wheat, barley, oilseed rape, spring oats and peas, plus grassland that supports a flock of 1,000 ewes and 25 pedigree Hereford cattle.

JOURNAL : Farmers Weekly

The prime minister paid a visit to Northern Ireland last month as part of her "one year before Brexit" tour of the UK.

Interestingly, she chose to meet with farmers here exclusively. Does this mean she values the importance of home-***produced*** food, or is this just wishful thinking on my part?

The media noted that she didn't visit a border farm. Was that because she doesn't regard it as a problem or because there isn't a suitable solution yet?

See also: Brexit ***plan*** ‘threatens to undermine food production’

I farm right on the border and cross it on an almost daily basis. Occasionally I also rent land in Donegal.

The border here stretches for 320 miles, sometimes splitting farms and there are numerous minor roads across it.

Only one solution

Any sort of "hard border" would be impossible to police, as both parts of Ireland discovered throughout the Troubles, so a deal will have to be done.

The obvious solution is some sort of free trade deal between the EU and the UK. Free trade means no tariffs; no tariffs means no border checks required – problem solved!

It really is the only workable solution and is without doubt in the best interests of both sides.

The sticking point seems to be the insistence of the EU that the UK stays in the Customs Union, even though the EU has various trade deals with other countries who are not in it.

Whatever the outcome, my family survived 30 years of the Troubles farming on the border. I think we will survive a border with the EU!

Meanwhile, the weather has dried up somewhat so spring field work and calving continues.

News that two Irish farmers have been killed recently by cows is a sombre reminder of the dangers involved, particularly when working alone.

I am very mindful of this in the shed late at night on my own and hope I have enough safety precautions in place, but animals still have to be tended to when calving.

Robert Moore farms on the Molenan Estate in Northern Ireland, where his family have farmed for more than 200 years. He switched to arable production in the late 1990s, away from beef and sheep. He still has a small suckler herd on non-suitable arable land.

JOURNAL : Farmers Weekly

I can only imagine every other column in this week is full of the miserable realities of a wet spring.

Unfortunately, in our low-cost extensive lambing system, the difficulties are becoming very apparent.

We rely on grass cover having rested lambing paddocks over the winter and the ability to drive a truck and trailer over the fields to check on stock during lambing.

Non-existent grass growth has meant we have been running silage to sheep.

Using a small eBay-purchased trailer (£160 – I love a bargain), we can manage five silage bales a trip – I have spent long days on the tractor dreaming of a 65K gearbox and 28ft trailer.

Bad move

I remember smugly writing how we had kept a number of older girls for another year. Yeah, not one of my smartest moves.

See also: Farmers advised to manage grass shortage

They have suffered a lot despite throwing silage, oats and mineral buckets at them, and have had some Twin Lamb Disease.

Despite calcium and glucose injections, and drenches, recovery rates have not been great. I must admit to feeling like the world’s worst sheep farmer at times.

Lambing paddocks are spread over 10 miles. Not being able to drive on any fields is going to affect our lambing system considerably.

Cunning ***plan***

The current ***plan*** is to put the quad in a horsebox and drive it to each field, check the field, grab any problems and cart back to the horsebox, reload the quad and drive to next field. We are also putting pens in each field for lambs with minor issues.

Jo has been a hero in all this. I even managed to take the kids to McDonald's one afternoon while she checked sheep, although I had to pull a pair of rotten lambs before I left.

Taking three under-fives for lunch on a bank holiday Monday is a new level of hell – don’t ever try it.

Worse still, during each bite of my burger, I can smell rotten lamb. Thanks to Twitter for suggesting diluted vinegar – I am off to Tesco in the morning.

Rob and Jo Hodgkins run 1,500 ewes across 485ha of grass and have 566ha of arable in Hertfordshire, ***producing*** lambs for Tesco and breeding sheep through Kaiapoi Romneys. Subsidy-free farming means sheep must be functional, lamb outdoors and ***produce*** lambs on forage alone.

JOURNAL : Farmers Weekly

I have tried to write this piece about five times without starting with the weather, but it’s impossible.

The prolonged cold and wet spring is providing as much a mental test as it is a practical one managing the stock and grazing.

At time of writing (4 April), the main frustration now is grass growth, having finished our first round of grazing.

Relying on silage

Regrowth is there, and the farm looks a healthy colour of green wanting to grow, but we just don’t have the grass covers we need to fully feed cows on grass alone, so we will continue to fill the gap with silage.

See also: 9 steps to getting a spring reseed right

We thought we’d have loads of surplus silage this year. However, there will be precious little left by the time spring does its thing. Calving is virtually done, with cows left to calve into double digits.

Most heifer calves are grouped into batches of 40 and feeding on the fifty-teat trailed feeder.

We would normally have the majority out on grass by now, but have only managed to get one group out to date, and while they are coming along well, we’re in no rush to get carried away.

Calving to breeding

Calves are gradually weaned onto once-a-day feeding, with intakes getting up to about 900g of powder/day. Attention is turning from calving to breeding, with serving being less than a month away.

This will start with the team metri-checking the cows for any metritis or dirty cows and pre-mating tail paints will be applied three weeks before the ***planned*** start of mating.

We will also use once-a-day milking to help with cycling, with us targeting any low-condition cows and non-cycling cows. As an industry we will get through these latest challenges and will hopefully, where needed, help each other through it.

Working together has never been more important, with increasing threats from outside – a proposed trade deal with Australia that seems happy to open the doors to hormone-treated beef, or wildlife groups featuring on Countryfile blaming declining hedgehog numbers on "industrial farming" practices, to name just two things in two days.

Johnjo Roberts converted his family’s 250ha beef and sheep farm on Anglesey to an 800-head spring-block calving dairy in 2014. Maximising grazed grass and good milk solids are priorities.

JOURNAL : Farmers Weekly

Cambridgeshire grain co-op Fengrain made a pre-tax loss of about £2.5m for the year ending 31 July 2017.

Turnover for the year rose by almost 24% to £125m.

The latest results reflect a year of significant investment in additional storage and setting up a new trading operation based in Kent, said managing director Rob Munro.

They also coincided with a significant downturn in the fortunes of ***agricultural*** merchanting, evidenced by the number of companies exiting the sector, said Mr Munro.

See also: BPS - expert advice on applying in 2018

“The investments are part of a long-term strategy, which is delivering positively in the 2017 season. While the deficit is regrettable, the business is now well placed to deliver value to its members going forward,” he said.

The results mark the co-op’s second loss in 12 years, following a pre-tax loss of loss of £496,956 in the year to 31 July 2016.

Fengrain invested £1.85m in grain storage facilities at Great Ryburgh, Norfolk In a joint venture with Crisp Malting Group near Fakenham, to provide 10,000t of malting barley storage. This was completed in November 2016.

The Kent-based south-eastern grain operation was announced at the end of 2015 and began

trading in January 2016, based near Canterbury.

Fengrain has a total of 120,000t of storage and markets grain for about 900 members in the Eastern Counties, trading more than 850,000t of grain and oilseeds a year.

JOURNAL : Farmers Weekly

Farmers buying and selling land need to be prepared for increased security checks due to new regulations over money laundering, warns the Central Association of ***Agricultural*** Valuers (CAAV).

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into effect on 26 June 2017 and apply throughout the UK.

This has resulted in a tighter regime of identity checking for property transactions in a bid to reduce the opportunities for criminal organisations to launder money or finance terrorist activity.

See also: Buying farmland abroad: Prices, benefits and risks

Kate Russell, policy and technical adviser at the CAAV, says this means the requirements relating to selling and buying property have become a lot tougher.

She explains: “They [agents] now have to identify money laundering risks for the purchase or sale of houses, land, farms and commercial property. This involves checking identities, confirming the source of funds and reporting any suspicious activity to the authorities.”

What to expect

Security requirements will vary depending on the way farmers purchase property. If buying through private treaty, identification will be needed before an offer is accepted.

If buying through an auction, registration and identification will be needed before bidding begins. If acquiring land by tender, buyers will have to confirm their ID as part of the tender process and before an offer is accepted.

If the buyer or seller is a trust, charity or a limited company, information on the “beneficial owners” – those who own or benefit from the organisation, including trustees, beneficiaries, shareholders or directors – will be required.

Typically, ***agricultural*** sales rank fairly low in terms of risk for fraud and money laundering, Ms Russell explained, but even if you have known a land agent for years, your identification will still need to be checked and a risk assessment for the transaction will need to take place.

HMRC is carrying out inspections of agents and other professional advisers so businesses need to be able to prove they are carrying out customer due diligence checks.

Ms Russell advises ensuring all documents are in order to reduce time and hassle during the process: “It is a legal requirement to provide the necessary documentary evidence – so please be understanding and be prepared.”

JOURNAL : Farmers Weekly

The escalating fodder crisis on both sides of the Irish Sea is threatening supplies for UK farmers as they struggle to feed their stock.

Irish co-operative Dairygold is importing 2,500t of hay and haylage from the UK to distribute at cost to its members amid reports that a third of Irish farms are within days of running out of fodder.

See also: Sit tight and wait for better weather, urge farm advisers

Pressure is now being applied to the Irish government to extend the fodder transport subsidy scheme launched in January to cover imports as well as domestic supplies.

These latest developments in Ireland’s ongoing fodder shortage is causing concern among Welsh farmers who are also running out of feed.

It has prompted one union to suggest a similar subsidy scheme might be needed in Wales.

Sympathetic

The Farmers’ Union of Wales said that, while it was sympathetic to the situation in Ireland, there were implications for fodder prices and supply for its own members.

Pembrokeshire dairy farmer Dai Miles, the union’s milk and dairy committee chairman, said the removal of fodder from the UK market would add to existing pressures.

“We fully sympathise with Irish farmers regarding the pressures they are under, but with prices already extremely high in the UK and pressures mounting in parts of Wales, the impact of the Irish schemes for our members is naturally a concern.

“Above all else, farmers in Wales need to see a dramatic improvement in the weather. Otherwise, we will have to urgently consider schemes similar to those operating in Ireland.”

The Welsh government would not be drawn on this, instead highlighting the monitoring measures it had put in place after the 2013 blizzards.

“This allows us to respond quickly when government action is necessary,” said a spokesman.

Tight supplies

Some merchants report their fodder stocks are very low, but for those that still have supplies, barley straw is retailing at between £140-£150/t delivered and round bale silage at £35-£45/bale.

The supply situation is so acute that some merchants are importing wheat straw from Spain and France to supply their customers, says Brian Peacock, of Thirsk-based grower and merchant Peacocks.

Mr Peacock said his company was having to limit sales to regular customers.

“In 30 years of trading, the situation had never been so acute. It is taking its toll on farmers, it is really getting people down.”

Powys upland beef and sheep farmer John Yeomans has been forced to buy additional feed because of delayed turnout, recently paying £55/t delivered for maize silage.

While he was not critical of the Irish fodder schemes, he said there would be ongoing repercussions from the slow spring.

“We have just spent £900 on silage, but we won’t get that £900 back in livestock sales.

“I don’t necessarily think transport subsidies are the answer. If we had fair and consistent prices for our stock we wouldn’t need subsidising.”

7 tips for responding to a late spring

Don’t wait until you have run out of feed to act, ***plan*** ahead

Work out feed demand, grass cover and silage stocks to understand the scale of the feed shortage while assessing the impact sub-normal soil and air temperatures is having on grass growth

Consider options for extending fodder supplies, perhaps adding straw and concentrates where silage supplies are running low

Prepare a feed ***plan*** – a nutritionist can help you work out what mix of feeds can be used to supplement existing resources

Consider grazing silage ground where grass supply is very tight or where silage ground is the only dry ground

Consider selling stock near to finishing to ease feed pressure

If there is pressure on cashflow, ask your bank manager to authorise a temporary or informal extension to the farm overdraft facility

JOURNAL : Farmers Weekly

Free hire of machinery to target weeds directly is being offered to famers in the River Dee area of Wales from this month.

Weed wipers, which target weeds but leave underlying crops unaffected, are available for hire for up to three days for farmers in the River Dee drinking water safeguard zone.

United Utilities and The Welsh Dee Trust are offering a range of models, including the Blaney Quad-X, the Logic CTF250, and the tractor-mounted Logic CTM600W.

The trailed machines also come with their own dedicated trailer.

See also: Free weed wiper hire offer goes live this month

Dee catchment adviser Gareth Foulkes said: “Livestock selectively graze, avoiding weeds such as docks, nettles, thistles and soft rush, which then grow taller than the pasture.

“Weed wipers can target these weeds by setting the weed wiper height.”

As the chemical is only applied specifically to the weeds, this reduces treatment cost, Mr Foulkes added. Weed wipers do not ***produce*** any spray drift, improving operator safety and meaning weeds can be treated when it would usually be too windy.

They can be used on grass, cereal, root and horticultural crops to get rid of a variety of weeds including rush, thistles, docks, nettles and volunteer weeds.

United Utilities suggests farmers using the equipment apply the herbicide glyphosate, which is considered to be less harmful to the environment than selective herbicides such as MCPA, 2,4-D and Mecoprop.

These selective weedkillers have been detected through routine water quality monitoring in the Dee catchment, and though the levels have been too low to cause environmental or health risks, they increase the cost of treating raw water.

‘Excellent advice’

Huw Beech, of Plas yn Ial Farm, took up the offer last year and said he was “astounded” by the results.

“I had an eight acre field next to the river with 60% rush cover. I treated it in May and it had less than 1% rush by August. Excellent advice and top tips from the farmer who held and co-ordinated the loan of the weed wiper,” he said.

Famers should contact their local catchment adviser to find out if they’re eligible for the offer, which runs until 31 October 2018.

Quest for cleaner water

United Utilities says the company is dedicated to working with farmers to help them save money while improving land and water quality.

Last June the water company launched a “reverse auction” and offered to pay farmers in north-west England to grow cover crops in a bid to prevent nitrates leaking into the groundwater during the winter months.

United Utilities is also offering free advice and help for farmers applying for Countryside Stewardship grants, and hopes farm infrastructure improvement will help protect groundwater.

JOURNAL : Farmers Weekly

Milk production increased by 2.8% on the previous year to 12,402m litres in the year to 31 March. This is the second highest level since the 1980s.

Britain ***produced*** 349m more litres of milk compared with 2016-17, despite the terrible weather that hampered production at the end of the season, according to AHDB Dairy.

See also: Dairy market experts at odds over spring milk prices

An estimated 19m litres of milk went uncollected in just a four-day period at the end of February this year with further wet and cold weather disrupting turnout and delaying spring across the country.

The levy board said a change in the weather would be the crucial factor for the start of this milk year.

[*https://infogram.com/gb-milk-production-1hnp27xzkymy6gq*](https://infogram.com/gb-milk-production-1hnp27xzkymy6gq)

“Fields can recover quickly if the weather changes for the better soon. However, feed supplies are likely to be dwindling and the next few weeks could potentially force a farmer’s hand – turnout on to unsuitable ground or purchase more feed,” said an AHDB Dairy spokesman.

Conditions across the Irish Sea were as bad if not worse according to AHDB, increasing the necessity for good field management and adding to fears of a fodder shortage as the demand for imported forage increased.

Global dairy prices

The cold weather helped to hold EU dairy wholesale markets firm in March, with butter the only commodity seeing a tangible increase of 6.5% to 4,816/ (£4,193/t), adding a 0.01/litre (0.087p/litre) to the value of milk.

The rise was likely a result of buyers looking to secure forward trade driving demand upwards, as well as the beginning of the asparagus season.

EU skim milk powder (SMP) continued its descent to rock-bottom levels, dropping by 4% to 1,331/t (£1,159/t) 28.4% below its level 12 months ago.

[*https://infogram.com/global-commodity-prices-1h984wxpjykd6p3*](https://infogram.com/global-commodity-prices-1h984wxpjykd6p3)

Strong global demand continued to incentivise higher US milk production, resulting in a 12.7% increase in dairy export volumes in the first two months of 2018 to 366,071/t, according to Italian dairy analyst CLAL.it.

American wholesale prices for butter, SMP and whole milk powder (WMP) are lower than in the EU and Oceania, increasing the competitiveness of US dairy products.

The increased outward vision of the US dairy industry will to nothing to allay fears of cheap imports being included as part of a UK/US trade deal post Brexit.

Looking forward

The forward market performance equivalent (FMPE), an AHDB Dairy market indicator of the relationship between supply and demand to determine projected milk prices, dropped slightly in March as a result of the rock-bottom price of SMP.

The levy board added that futures pricing was more stable than spot markets which have been affected by an upturn in demand.

These factors meant a slight lowering of the index, but it remained positive for July 2018’s FMPE at 31.61 eurocents/litre (27.5p/litre), down from the 32.06 eurocents/litre (27.9p/litre) forecast for June.

Rabobank quarterly report

Dutch bank Rabobank predicted less pressure on farmgate prices than originally expected in the second quarter of 2018 as the drought in New Zealand and increased imports from China insulated prices.

The bank did forecast more downward pressure on farmgate returns from milk during the Northern Hemisphere’s peak production months through spring.

However, poor weather in the EU and Australia would limit any downward movement to prices and the risk of drought in Argentina could further restrain global supplies.

Rabobank predicted slower global supply growth following the spring as a result of lower farmgate prices, leading to a firming of commodity prices for the remainder of 2018.

JOURNAL : Farmers Weekly

Anyone wanting to help shape the future of farm support in the UK post Brexit should speak up now, or risk their views being overshadowed by certain “vested interests”, Defra secretary Michael Gove has warned.

Addressing a farm policy workshop, co-hosted by Defra and green lobby group Sustain in London on Tuesday (10 April), Mr Gove stressed the importance of taking part in the ongoing Health and Harmony consultation.

See also: NFU Scotland’s post-Brexit farm support proposals

Numbers were important in shaping policy, he stressed, referring to the recent consultation on trading ivory, which had attracted tens of thousands of responses.

“The fact there were so many people who responded and said ‘act now’ meant it was possible for us to say to some other people in government that we can’t delay any longer.”

The result was “a more targeted, more precise and more effective” ivory trade ban.

Leaving the EU created a similar opportunity to devise a new ***agricultural*** policy.

The Defra secretary said he wanted an outcome that “reflects what the majority of people in this country want”, including higher environmental standards, healthier food and better animal welfare.

‘Vested interests’

“The more you speak and join in, the less likely it is that the result of any consultation will be shaped by vested interests who have either the money, or the connections, or the power to imprint their agenda on the public,” said Mr Gove.

Asked who he had in mind, the Defra secretary denied he was referring to certain farming organisations.

“I did not have anyone in mind,” he said. “But I specifically wanted to ensure that the audience here, some of whom farm, some of whom have interest in public health or come at these issues from a variety of angles, feel that their views are valued.

“Sometimes people assume that the most powerful voices in any consultation will be those who have paid lobbyists. It is the quality of the argument that counts.”

Capping ***plans***

Mr Gove was also challenged on his ***plan*** to start limiting payments to larger farmers from 2020, as a means of reallocating funds towards environmental management schemes and other public goods.

“My argument is that BPS should be capped, but there shouldn’t be any cap on the amount that someone receives for generating public goods,” he said.

“So if you are a major landowner, and you’re ***producing*** public benefits, including environmental benefits, then you should be paid for the production of those benefits.

“But it is very difficult to defend simply paying people on the basis of hectares they have in productive ***agricultural*** use.”

Have your say

Farmers can make their voices heard by attending one of a number of regional meetings being organised by the NFU – details can be found on the NFU’s website.

Alternatively, email your views to the NFU’s Brexit team at [*Brexit@nfu.org.uk*](mailto:Brexit@nfu.org.uk) by 27 April, or email Defra at [*agricultureconsultation@defra.gsi.gov.uk*](mailto:agricultureconsultation@defra.gsi.gov.uk)

JOURNAL : Farmers Weekly

Record old season lamb prices are likely to benefit early ***producers*** of the 2018 lamb crop as domestic supplies are forecast to remain tight and imports flat.

The AHDB has revised its forecast lamb rear rate down 3% for this season compared with 2017. This follows farmers and fallen stock collectors reporting higher mortality rates caused by weeks of rain and cold weather.

A spokesman for nationwide deadstock collector Robinson Mitchell said that there had been a sharp increase in the number of ewes and lambs it had been receiving, with ***producers*** in Cumbria hardest hit by losses double the rate of last year.

See also: Markets report tighter home hogg supplies

AHDB red meat analyst Rebecca Oborne said there are likely to be 600,000 fewer lambs forward for sale in 2018 because of lower lamb rearing rates, but the decline has been moderated by the fact the national sheep flock has been increasing in size.

Despite farmgate prices rising across the EU, she said that the import value a tonne was still less competitive for exporters such as New Zealand and Australia.

Other markets such as China and North America are more attractive, meaning the likelihood of higher EU imports is small.

Record-breaking prices

Sales of prime hoggets soared beyond all expectations again this week with livestock markets reporting values in excess of 300p/kg on average and topping out at more than 360p/kg amid mounting concerns over product availability until significant numbers of new season lambs come forward.

[*https://infogram.com/old-season-lamb-numbers-1h9j6qmxr5954gz*](https://infogram.com/old-season-lamb-numbers-1h9j6qmxr5954gz)

Stocks are now dwindling after increased throughput earlier in the year, with 57,338 lambs sold live in the week ending 7 April, compared with 74,323 in the comparable week in 2017.

However, David Siddle, Andersons Northern farm business consultant, warned that ***producers*** eyeing up a flock expansion to capitalise should remain cautious.

“Don’t get too carried away at a few hoggets making £5.30/kg [deadweight],” he said, explaining that while early lambing flocks would benefit from the strong domestic demand, the majority of the sheep sector is still heavily reliant on the export trade.

Margins are already being eroded this season because of rising production costs, with farmers forced into spending more on feed to support ewes through the extreme cold and wet winter weather.

Mr Siddle estimates that many ***producers*** in his area will have already had to feed ewes up to 20% more than the previous year.

Sheep feed prices and consumption increasing

Sheep feed production has shown a sharp increase on the year as growers responded to harsh weather by upping feed rates for in-lamb ewes.

The most recent figures from the AHDB, which run until the end of February, show animal feed production was up by 6.6% for sheep compared with February 2017.

Adam May, ***agricultural*** commercial manager at Mole Valley Farmers said ewe feed consumption had increased by 15-18% on average across all rations compared with last year when the weather was kinder.

He said prices for growers who had not fixed into a contract were up about 5-8% on the year, with lamb creep by a similar amount.

JOURNAL : Farmers Weekly

All-year-round calving systems can be very profitable but, if not optimised, users may benefit from the efficiencies and focus of switching to autumn block calving, believes AHDB Dairy.

Currently, 81% of UK dairies are all-year-round calving and only 8% characterised as autumn-block calving. Those considering the switch and those already practising autumn-block calving are advised not to chase yields.

See also: How to budget for the switch to autumn calving

Instead, they are being encouraged to breed and manage for fertility and quality forage production to maintain a tight calving block.

Read the advice on what to consider in your buisness, an autumn block calving Q&A with dairy consultants and a case study on one farmer who made the switch to block calving.

9 things to consider

Expert Q&A

Case study

9 things to consider before autumn block calving

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Q&A on switching to autumn block calving:

Farmers Weekly asks Richard Davies of AHDB Dairy, dairy consultant Tony Evans of the Andersons Centre and Will Jones of Kite Consulting some key questions.

How will I manage calf rearing?

RD: If you are weaning at 12 weeks old it may be time to look at weaning at 10 or eight weeks because you will need space for all your calves to be on milk. (See point 7)

Farms have successfully built temporary calf pens with straw, bought polytunnels or calf igloos to rear batches of 10-12 calves for £1,500-£1,800/igloo.

Pressure can be completely taken off by having heifers reared on contract on a neighbouring farm, selling younger, increasing calf growth rates to wean younger, or having heifers contract reared until a shed is erected.

Red Tractor stocking rates are for 1.5m² per calf (50-84kg) then 1.8m² per calf (85-140kg) and then 2.4m²/calf (140-200kg). All stock must be able to lie down simultaneously, ruminate, rise, turn and stretch without difficulty.

Will I have to get more staff?

RD: Staffing will increase at calving but some farms will find that current staff levels are sufficient as the batch system brings efficiencies, although some farms get in an extra worker for three months calf rearing. (See point 6)

Specialising may help, for example have designated calf rearers and a grassland manager, herd manager and someone trusted with machinery. (See point 8)

How quickly should I get in the block?

TE: It can be done in one year but some manipulate calving dates, doing it in three to five years. The quicker the better as this means you are getting any cost-saving and lifestyle benefits sooner. Short-term pain for long-term gain should be the mindset.

Sell and buy back is the simplest option, but you need to identify correct replacements from as few sources as possible to reduce the biosecurity risk.

What will manipulating calving dates cost me in milk?

TE: If a hypothetical farm has 240 cows on a level calving pattern and it needs to leave cows open for an average of 120 days on two-thirds of the cows = 160 cows at a typical yield loss of 1,100 litres this would cost £51,040 at 29p/litre.

It can be important to keep cows milking rather than drying them off. If cows get fat they could lose their vigour to breed.

What is the cost of leaving cows open?

WJ: If we assume 25% of the herd already fits a three-month block from a true AYR calving herd, the remaining 75% will need to have lactations extended by up to nine months in order to fall back into the front of the block.

Using the figure of £4 loss for each additional day open the average cow will be extended by 4.5 months or 135 days – so the average cost per extended lactation is £540 or £54,000 per 100 cows.

What cows do I need for block calving?

TE: Farms with Holstein-Friesians may have to use Friesian bulls to breed more fertile replacements that will hold body condition better. However, some fertile Holstein families will manage it. Attention must be paid to condition and transition. (See point 9)

Many farms that have made the switch have used crossbred or Friesian genetics from Ireland on the EBI (economic breeding index) or the New Zealand breeding worth index. Your options are more open with autumn than they are for spring calving.

Autumn calving targets

Calving periods must be no longer than 12 weeks

6,500-7,500 litres/lactation. Fertility must come first, do not chase yield

12ME silage. Quality forage will be essential when breeding all your herd inside at peak lactation in the autumn/winter

Case study: Hendrie Brothers, Kilmarnock, Ayrshire

Farm facts

900-cows across three different farms

Purroch Farm is autumn calving since 2009 with 4ha of beet, 20ha of wheat

Millands and Netherlands (added in 2012) both spring-block calving

Managing 884ha including 100ha rented

22-point Dairymaster swingover parlour with ADF clusters

Since switching from AYR calving to ABC the Hendries at Purroch Farm have cut concentrate by 40% and quadrupled milk from forage (MFF) to 3,500 litres.

They focused efforts on improving grass utilisation and silage quality and are now targeting 4,000 litres from forage, feeding a TMR combining homegrown beet and crimped wheat.

At spring turnout, the farm sees a 1.5-llitre a cow/day production lift, explains Wallace Hendrie, who farms with brother James, Uncle Robert and father Jimmy near Hurlford, Kilmarnock. Wallace got the confidence to switch to block calving through his Nuffield scholarship and work with the Nuffield Dairy Group.

Cutting feed from 2.5t a cow at 6,500 litres to 1.5t a cow at 6,000 litres has left the Hendries better off overall, cutting feed costs from 8p/litre to 5p/litre.

As cattle dealers who were able to simultaneously start a spring-calving unit on neighbouring Millands Farm, the Hendries were ideally suited to make the switch as they could roll cows between calving blocks.

Purroch, the farm with the heaviest land, was already feeding a total-mixed ration and could house cows from calving in August, which took pressure off pasture when conditions are wet, explains Wallace.

!function(e,t,n,s){var i="InfogramEmbeds",o=e.getElementsByTagName(t)[0],d=/^http:/.test(e.location)?"http:":"https:";if(/^\/{2}/.test(s)&&(s=d+s),window[i]&&window[i].initialized)window[i].process&&window[i].process();else if(!e.getElementById(n)){var a=e.createElement(t);a.async=1,a.id=n,a.src=s,o.parentNode.insertBefore(a,o)}}(document,"script","infogram-async","[*https://e.infogram.com/js/dist/embed-loader-min.js*](https://e.infogram.com/js/dist/embed-loader-min.js)");

Making the switch

The calving pattern was achieved by selling cows that didn’t fit either the spring system at Millands or the autumn system (12-week block from 1 August) at Purroch and rolling cows around between the two farms as necessary.

Experienced spring calver Tom Rawson was employed as a consultant. He told the Hendries that paddock grazing would grow 28% more grass so they would need 28% more cows, Therefore they have increased the herd from 220 to 300 cows.

Extra calf rearing space was made by reconfiguring pens. Calves were previously in single pens until weaning, but are now batch housed from 1-2 weeks old in groups of 12.

The Hendries also switched processor from First Milk to Muller on a liquid contract as this allowed them to be nearer to processing plants in their region and increased their milk price. Autumn-block cows average 4.32% fat and 3.5% protein.

Increasing milk from forage

Calcium lime and calcium ammonium nitrate helped grassland productivity

Soil pH lifted from 5.7 to an average of 6.2 and aiming for 6.5 before reseeding

Moved to paddock grazing in 3-4.5 ha fields

Entering paddocks at 2,800-3,000kgDM/ha and leaving at 1,500kg

Field sizes mean 1-1.5 days in each paddock

Added 1.2km of tracks and resurfaced tracks to get cows to pasture

JOURNAL : Farmers Weekly

Vivergo Fuels has reopened its Saltend plant near Hull.

The plant, which runs exclusively on UK-grown wheat, has been shut down for four months as a result of weak ethanol prices and a lack of policy certainty.

A firm wheat market had already factored in the re-opening, said traders.

The plant’s usual catchment area is short of wheat and prices rose this week by £3/t-£4/t in most areas, reflecting the tight market and putting spot feed wheat at £136/t-£154/t ex-farm.

While central southern England and the South West saw little or no price movement, values in Kent and East Sussex rose by £3/t, to £136/t, possibly reflecting that the price gap has grown so wide compared with the north-east of England it may be worth moving grain by boat to supply Vivergo.

Renewable Transport Fuel Obligation

The resumption of production at the plant follows the passing of the Renewable Transport Fuel Obligation (RTFO) through Parliament in March.

See also: Compulsory purchase threat grows alongside talk of development land tax

This comes into effect this month and increases the use of renewable fuels in transport from 4.75% to a target of 9.75% by 2020, a move welcomed by the company.

However it has warned the next step, the introduction of E10 fuel in the UK, must come soon. E10 is a blend of 10% renewable bioethanol with petrol, for which environmental benefits are claimed.

“We are pleased to see the RTFO pass through Parliament,” said Mark Chesworth, managing director of Vivergo Fuels.

“This step, combined with the completion of maintenance work, has prompted us to recommence production after being offline over the winter.

“However, there is much still to do if we are to sustain production and maintain this significant industry in the UK.”

E10 benefit

He called for the rapid introduction of E10 for environmental reasons, saying it would provide an immediate impact on transport emissions to the benefit of the environment and public health.

“E10 represents the fastest and most cost-effective solution to decarbonise transport, which is currently the highest emitting sector of greenhouse gases in the UK,” he said.

The construction of Vivergo’s £350m plant was predicated on the UK government’s commitment to the Renewable Energy Directive enacted through to transport fuel to the RTFO, and anticipated the UK market would be twice what it is today by now, said Mr Chesworth.

“Government inertia in developing legislation on this situation has further undermined confidence in renewables investment not least the further development of alternative new technologies.”

The introduction of E10 would also provide greater stability for jobs and skills, both at the plant and in its supply chain, he said.

The Vivergo plant is the UK’s largest and Europe’s second largest ***producer*** of bioethanol, a renewable transport fuel which is blended with petrol.

The £350m plant can ***produce*** up to 420m litres of bioethanol from 1.1m tonnes of feed wheat, sourced from nearly 900 farms.

It is also the country’s largest single production site for animal feed, supplying 500,000t of high protein feed to more than 800 farms across the UK.

Vivergo Fuels is a joint venture between AB Sugar and DuPont, with ANB Sugar the majority shareholder.

**Load-Date:** April 13, 2018

**End of Document**



[***Brazil's mega hydro plan foreshadows China's growing impact on the Amazon; The government wants to open up the Tapajós basin - an area the size of France - for trade with China. But the indigenous Munduruku won't let it happen without a fight***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PMV-2H01-F021-63TT-00000-00&context=1516831)

The Guardian(London)

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**Byline:** Jonathan Watts

**Body**

Crashing upstream through the São Luiz rapids, the churning river throws the speedboat around like a child's toy. There is first a moment of fear, then relief and finally wonder at crossing a natural boundary that has held back the destruction of this corner of the Amazon for almost five centuries.

This is the gateway to a land that indigenous inhabitants call Mundurukania, after their tribe, the Munduruku, which has settled the middle and upper reaches of the Rio Tapajós since ancient times. The thickly vegetated shores, misty hills and untamed waters - breached at one point by a dolphin - mark it out as one of the few regions of the planet still to be explored and exploited by industrial commerce.

The tranquility is breathtaking, but misleading. These rapids are now on the frontline of one of the world's most important struggles for indigenous rights and environmental protection. Long ignored, they are suddenly seen as a stategically crucial step between the nations with the world's biggest farms - Brazil - and the world's most numerous dining tables - China. Longer term, the changes now being ***planned*** could bring this waterway closer to the industrialised, traffic-filled Yangtze in more ways than one.

Over the coming years, the Brazilian government - backed by Chinese and European finance and engineering - wants to turn this river into the world's biggest grain canal by building 49 major dams on the Tapajós and its tributaries.

This would make the rapids navigable by barges carrying ***produce*** from the deforested cerrado savanna of Mato Grosso - which ***produces*** a third of the world's soya - up to the giant container port being ***planned*** in the closest city of Santarem and then out to global markets, particularly in Asia.

The network of dams would also ***produce*** 29gW of electricity, increasing Brazil's current supply by 25%. A consortium headed by Furnas - a subsidiary of the state-run energy utility Electrobras - ***plan*** to sell the power to distant cities and to local mining companies that want to unearth the mineral riches under the forest.

For the Brazilian government, this mega-scheme to open up the Tapajós basin - which is roughly the area of France - is a linchpin of national economic development and trade with China. For local politicians, it is an opportunity to industrialise, expand and enrich the business of nearby cities, which expect their populations to double in size over the next 10 years.

For opponents, however, the "hydrovia" - as the river transport scheme is known - and related projects are the biggest threat ever posed to the native inhabitants, traditional riverine communities, waters and wildlife. By one estimate, 950,000 hectares of forest would be cleared, releasing significant amounts of carbon dioxide.

"The hydrovia is part of a set of other projects - dams, ports, roads and railways - that aim to industrialise this region. Energy companies, agribusinesses and mining companies are all pushing for it," said Fernanda Moreira, of the Indigenous Missionary Council, a Catholic NGO that works with local communities.

Campaigners - including International Rivers, Amazon Watch and Greenpeace - oppose the project because they say there has not been adequate study of the impacts - including accelerated deforestation, habitat loss and social problems - or the alternatives.

The government will have to kill us if they want to push ahead with these projects

Munduruku village chief Juarez Saw Munduruku

"This is a historical moment for the Amazon. We have seen previous economic booms - rubber, logging and mining - that caused social conflict and environmental damage, but the proposed development along the Tapajos covers a much wider area and would have a much more profound impact," said Alcilene Cardoso of the Amazon Environmental Research Institute.

Opponents claimed a partial victory last year when the Brazilian environmental agency suspended a license for the São Luiz do Tapajos dam, one of the three biggest hydroelectric plants in the project that would together flood 198,400 hectares, including large parts of national parks, nature reserves and territory claimed by indigenous groups.

The battle is anything but over, however. The damming of the rapids - which would require a 7km-wide concrete barrier and a reservoir eight times the area of Manhattan - remains a priority of the powerful mines and energy ministry and Electrobras. Three other dams are already under construction on the Teles Pires, a tributary of the Tapajos.

Munduruku efforts to assert their territorial rights through a self-demarcation campaign have been ignored by the centre-right government of president Michel Temer and his Workers' party predecessor Dilma Rousseff.

Half an hour above the rapids is the Munduruku village of Dace Watpu, which would be flooded if the São Luiz dam were built. Despite the suspension of the license, they remain vigilant.

"They will be back. That is our constant concern," said village chief Juarez Saw Munduruku, as residents gathered in the small wooden hall to celebrate the five-year anniversary of the community school. As the school, the two-way radio and array of solar panels demonstrate, the villagers are not opposed to development - but they want it to be on their terms. Dams, mines and river traffic, they say, are a threat to their homes and way of life.

"The Brazilian government may call hydroelectric dams clean energy, but it isn't. It is dirty. It is mixed with our blood and our misery," he says. "The government will have to kill us if they want to push ahead with these projects."

Images of Munduruku protests usually show them in traditional costume, with warpaint and feather headdresses. But their strategy is more sophisticated than these images suggest.

Recognising that foreign investment and consumption are part of the issue, they have taken their campaign overseas, presenting their grievances last month at the United Nations. They have also worked with environmental NGOs, foreign media and archeologists.

The latter have verified the long history of settlement in the region, which is crucial to Munduruku ownership claims and also important to rebut the widely held idea that this region can be dammed because it is empty. The first written record of 'Mundrukania' dates back to 1742, though habitation by indigenous groups goes back much further.

When Bruna Rocha, of the Federal University of West Para State, first excavated sites near the proposed dams in 2010, she found pottery, stone tools and dark earth, suggesting cultivation of the land had occurred intermittently for many centuries. "Studies of the area showed it wasn't just an empty space that can be flooded. It has history and a culture," she said.

The image of the Amazon as a wilderness was a construct of 19th-century Europeans, which has been adopted on several occasions by Brazilian governments: firstly during the dictatorship era to justify a land distribution and road-building policy, and now most recently by recent administrations to back up the argument that dams will not have much of a social impact.

"The prevailing view is that the Amazon is a provider of raw materials rather than a centre of culture. That is wrong," Rocha said. "In the 16th century, several million indigenous people lived in the Amazon and they had a standard of living that was higher than in Europe at the time. But about 90% were wiped out by the guns and diseases of the colonisers."

The Munduruku survived thanks to the rapids - which prevented steamships from entering their territory - and temporary alliances with European settlers against other tribes.

Now, they are changing strategy, linking up with the nearby riverine community of Montanha e Mangabal - most of whose inhabitants are former rubber tappers - to oppose the project. "In the past, we used to fight one another. But that is finished. Now we must unite against a common and powerful enemy: the government," says Juarez Saw Munduruku. "The more people are involved in the struggle the better."

Mauricio Torres, a geography professor at Para Federal University said the alliance marked a turning point. "Two generations ago, the indigenous communities and the rubber tappers were fighting one another. Now they are united against the dam and have delayed the process of approval. That is remarkable."

But they are up against enormous geo-***strategic*** pressures. To lift Brazil out of recession, the government wants to ramp up exports of soya and meat, particularly to Asia. Currently China accounts for 57% of Brazil's overseas soy sales and production and demand are expected to grow.

Related: Amazonian tribes unite to demand Brazil stop hydroelectric dams

"We have opened the biggest food frontier in the world," said Roberto Jaguaribe, a former Brazilian ambassador to Beijing who is now head of the state's export promotion body Apex-Brasil. "The Food and ***Agricultural*** Organisation expects global demand for food to rise by 30% over the next 20 years. To cope, Brazil needs to increase production by at least double that average."

Due to environmental pressures in China - particularly water shortages - Jaguaribe says it will become "rational" for Beijing to import more meat and grain from the farms and ranches of Mato Grosso. A Tapajos hydrovia would facilitate this. Little wonder, then, that among the construction companies aiming to provide finance and support to Furnas for dams on the Tapajós and Teles Pires is the Three Gorges Development Corporation, which built the world's biggest hydro-electric plant on the Yangtze. French, Spanish and Italian energy firms are also involved.

Politicians in the Amazon go further, saying they hope the hydrovia will act as a catalyst for industrialisation. "We are in the midst of several huge projects of national ***strategic*** importance, but we don't want to be a mere corridor for soya to reach the world market. We want to build food factories here. We want more fish farms in our rivers," said Nélio Aguiar, the mayor of Santarem. "We hope the Chinese investment is important for that."

Thanks to a surge of development, this city - which sits on the confluence of the clear Tapajós and cloudy Amazon - is thriving. Last year, it bucked the recession that afflicted the rest of Brazil to rack up impressive growth. The world's biggest ***agricultural*** company - Cargill of the United States - recently built a huge new grain terminal here. The municipal government is ***planning*** an even bigger container port.

"Many investors want to come here. We are the last frontier," said the mayor. "In the next 10 years, we project Santarem will double its population from 300,000 to 600,000 and the city will be more prosperous and offer a better quality of life."

He has support from the Nature Conservancy, which backs ***plans*** for a dam cascade to provide energy and food to a growing global population. "The Tapajos river is important to not only its surrounding lands, wildlife and people, but also to the entire Brazilian population and to the world," the US-based group notes.

Certainly, an infrastructure upgrade is essential. The main road between Mato Grosso and Santarem - the BR163 - has recently become so choked with soya trucks that it has begun to challenge China's worst coal transport routes for the unwelcome title of " world's worst traffic jam ". Earlier this year, after rains turned the dirt into mud, trucks were snarled up for ten days over a stretch of more than 50km, forcing the authorities to organise emergency provisions of food and water to trapped drivers.

How to ease this bottleneck is a question of global importance. There are three approaches: an upgrade of the BR163 (which would make it wider and paved in asphalt), a parallel Ferrogrão grain railway (also financed by China and supported by many environmentalists as a lesser evil in terms of pollution and traffic), and the Tapajós hydrovia (which is preferred by grain companies, construction firms and electricity utilities). Rather than choosing one of these options, the national government is pushing all three at once.

"This is the fastest development I've seen since I arrived in Santarem 30 years ago," said Caetano Scannavino of the Saude and Alegria (Health and Happiness) NGO. "But it's not ***planned***. They are repeating the errors of the past."

Some fear that this will lead to the industrialisation of the Amazon as forests are cleared, traffic increases, factories move in and the population surges to the point where the Tapajos begins to resemble the stressed and polluted Yangtze. Adding to these fears, the Temer government recently submitted a bill to Congress that would reduce the size of the nearby Jamanxim national park by 350,000 hectares, or 40 times the area of Manhattan.

The Amazon Watch NGO recently urged the government in Beijing to rethink its use of the Brazil-China Cooperation Fund to finance destructive transport projects in sensitive ecosystems.

"Support of projects that result in rainforest destruction undermines China's efforts to position itself as a leader in the global fight against climate change," the group's ***program*** director noted.

Related: 'We have the worst record in the world': the deadly business of Brazil's bush pilots

In Itaituba, the town closest to the proposed site of the São Luiz dam, officials express similar concerns. The town - which has previously seen booms of gold mining, logging and timber - is in the midst of a new expansion due to its location as the first port below the rapids. Cargill, Bunge and four other companies have built huge terminals, which transfer grain from trucks on the BR163 to barges on the Tapajos. More are expected. On a recent afternoon, a group of Chinese businessmen - all wearing black suits and lapel pins showing the flags of the two countries - were visiting the town to look into a possible purchase of land for a port.

Bruno Rolim, secretary of the environment in the municipal government, was wary. "China has lots of pollution accidents. It suggests they put much more of a priority on the economy than the environment," he said. "This is a very sensitive area. The Amazon has the greatest fresh water assets in the world. We don't want what happened [in China] to happen here."

Domestic precedents also give him cause for concern. The last huge Amazonian dam - at Belo Monte - has caused enormous social and environmental problems since it was completed in 2015.

The population of nearby Altamira has surged without adequate provision of sanitation, hospitals and education. Crime, suicide rates and deforestation level are among the highest in Brazil. The project has also been a focus of a massive corruption scandal involving construction companies and politicians.

"We saw what happened in Altamira," Rolin said. "Big projects in the Amazon have not benefited local people. They extract power or commodities for other regions and countries and leave problems behind. The negatives are greater than the positives."

Given its history as a centre of illegal mining and logging, however, Itaituba is probably not a city that environmentalists or indigenous campaigners can rely on.

At the municipal museum, the curator and founder Regina Lucirene Macedo d'Oliveira said this was a region where people have always just taken what they can rather than investing in making it a better place. "The local government turned a blind eye when rubber tappers destroyed the forest. They did the same when the gold miners contaminated the rivers. With each economic boom, they promise to regulate and protect, but they do nothing. Why should it be any different this time with the big hydro projects?"

For now, the dire state of Brazilian public finances and local opposition are holding up ***plans*** to dam the São Luiz rapids. But in the long term, it will be hard to resist Chinese money, the politically powerful agribusiness lobby and a global economic system geared towards consumption growth. The Yangzification of the Tapajos is a distant but entirely possible prospect.

The Munduruku are under no illusions, but they say they will fight to preserve the rapids that have kept them secure until now. For them, it is about conserving their home - a lesson, they say, the rest of the world should learn.

"We protect the gateway. If they build the dam, it will kill the Munduruku," said Valto Dace, the head of the Dace Watpu village. "We will not move. God gave us this land. Where would we go?"

**Load-Date:** October 5, 2017

**End of Document**



[***ACACIA MINING PLC - 2017 Interim Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P2T-39J1-JB72-1173-00000-00&context=1516831)

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**Body**

21 July 2017

Results for the six months ended 30 June 2017 (Unaudited)

Based on IFRS and expressed in US Dollars (US$)

Acacia Mining plc ("Acacia'') reports 2017 interim results

"The first half has posed significant challenges to our operations in Tanzania following the introduction of the concentrate export ban in March and I am pleased with how we have performed in light of this", said Brad Gordon, Chief Executive Officer of Acacia Mining. "It is a complex and fluid situation which has led to a significant reduction in our cash balance to US$176 million from US$318 million, as a result of being unable to realise US$175 million of revenue during the half together with a US$51 million VAT outflow. We continue to take steps to preserve long-term shareholder value and have served Arbitration notices for our Bulyanhulu and Buzwagi mines and will work to achieve a negotiated resolution, which is the preferable outcome for all parties. In spite of the challenges we faced, we delivered the highest H1 production in the history of the Company, with gold production of 428,203 ounces. AISC for the first six months was US$893 per ounce sold, 5% lower than H1 2016, and if we had been able to sell all of the concentrate ***produced***, AISC would have been approximately US$800 per ounce.

As a result of the impact of the ban we are now targeting the lower end of the production guidance range of 850-900,000 ounces for 2017, but due to strong cost discipline we are leaving AISC guidance unchanged."

Operational Highlights

H1 Total Recordable Injury Frequency Rate (TRIFR) of 0.40, 49% lower than H1 2016H1 gold production of 428,203 ounces, 4% higher than H1 2016, with gold sales of 312,438 ouncesH1 AISC1 of US$893 per ounce sold, 5% below H1 2016 and H1 cash costs1 of US$577/oz sold,10% lower than H1 2016H1 AISC, assuming sales matched production, would have been US$800/oz, which includes a US$18/oz share based payment revaluation credit resulting from the fall in the share price year to dateQ2 gold production of 208,533 ounces, 6% lower than Q2 2016Q2 gold sales of 127,694 ounces, which includes a reversal of advanced sales of 18,204 ounces of concentrate from Q1 2017Q2 AISC1 of US$835/oz sold, 10% below Q2 2016 and Q2 cash costs1 of US$577/oz sold, 3% lower than Q2 2016

Financial Highlights

Financial performance was significantly impacted by the ongoing ban on exporting concentrate which resulted in approximately US$175m of lost revenue in the periodH1 Revenue of US$391.7 million, 22% lower than H1 2016H1 EBITDA1 of US$161.4 million, 13% down from H1 2016H1 Net earnings of US$62.5 million, equating to US15.3 cents per shareCash on hand of US$175.9 million as at 30 June 2017, with net cash of US$90.7 millionAs a result of the negative cash flow, no interim dividend has been declared, in-line with the cash flow based dividend policy

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Three months ended 30 June | Six months ended 30 June |  |  |
| (Unaudited) | 2017 | 2016 | 2017 | 2016 |
| Gold production (ounces) | 208,533 | 221,815 | 428,203 | 412,025 |
| Gold sold (ounces) | 127,694 | 216,782 | 312,438 | 400,963 |
| Cash cost (US$/ounce)1 | 577 | 595 | 577 | 640 |
| AISC (US$/ounce)1 | 835 | 926 | 893 | 941 |
| Net average realised gold price (US$/ounce)1 | 1,255 | 1,258 | 1,235 | 1,209 |
| *(in US$'000)* |  |  |  |  |
| Revenue | 157,763 | 284,038 | 391,664 | 504,947 |
| EBITDA 1 | 79,222 | 119,332 | 161,415 | 184,882 |
| Adjusted EBITDA1 | 83,199 | 114,088 | 166,219 | 180,499 |
| Net earnings/(loss) | 35,716 | 46,282 | 62,543 | (6,128) |
| Basic earnings/(loss) per share (EPS) (cents) | 8.7 | 11.3 | 15.3 | (1.5) |
| Adjusted net earnings1 | 38,500 | 40,659 | 65,906 | 58,767 |
| Adjusted net earnings per share (AEPS) (cents)1 | 9.4 | 9.9 | 16.1 | 14.3 |
| Cash generated from operating activities | (23,909) | 104,864 | 1,315 | 157,096 |
| Capital expenditure2 | 45,628 | 49,142 | 92,456 | 85,172 |
| Cash balance | 175,886 | 284,357 | 175,886 | 284,357 |
| Total borrowings | 85,200 | 113,600 | 85,200 | 113,600 |

    1 These are non-IFRS measures. Refer to page 28 for definitions   2 Excludes non-cash capital adjustments (reclamation asset adjustments) and include finance lease purchases and land purchases recognised as long term prepayments

Other Developments

Export of metallic mineral concentrates

As previously announced, on 3 March 2017, the Ministry of Energy and Minerals of the Tanzanian Government announced a general ban on the export of metallic mineral concentrates following a directive made by the President of the United Republic of Tanzania in order to promote the creation of a domestic smelting industry. Following the directive we ceased all exports of our gold/copper concentrate ("concentrate") including the 277 containers that had been approved for export prior to the ban which are located in Dar es Salaam at both the port and a staging warehouse.

The prevention of exports impacts Bulyanhulu and Buzwagi which ***produce*** gold in both doré and in concentrate form due to the mineralogy of the ore. North Mara is unaffected due to 100% of its production being doré. In the first half of 2017, concentrate accounted for 36% of group level production, with 64% of Buzwagi production and 46% of Bulyanhulu production respectively being concentrate.

Acacia has been exporting concentrate from Bulyanhulu since 2001 and from Buzwagi since 2010 and has fully declared all associated gold, copper and silver revenue. Whilst the proportion of gold in the concentrate is less than 0.02% it represents approximately 90% of the value of the concentrate, with copper representing approximately 10% of the value and silver less than 1%. Bulyanhulu and Buzwagi are permitted under their agreements signed with the Government of Tanzania to sell their concentrate products to overseas customers and to export the concentrate in containers, and have been in full compliance with these laws and their export permits.

During the second quarter two Presidential Committees announced their findings following investigations into the technical and economic aspects of the historic exports of gold/copper concentrates. Acacia fully refutes the implausible findings of both committees, which claim that Acacia and its predecessor companies have historically significantly under-declared the contents of exports of concentrate which has led to an under-declaration of taxes of tens of billions of dollars. Following the Committees' announcements, the Government commenced various investigations into the allegations of undeclared revenue and unpaid taxes. Acacia is fully co-operating with these investigations and has provided extensive documentation and information to the investigating authorities. In addition, employees in Tanzania have been and continue to be interviewed by Government agencies as part of this process. Acacia re-iterates that it has declared everything of commercial value that it has ***produced*** since it started operating in Tanzania and has paid all appropriate royalties and taxes on all of the payable minerals that it has ***produced***. In addition, Acacia's consolidated accounts and each local company's accounts are annually audited to an international standard in accordance with IFRS. Acacia has requested copies of the two Presidential Committees' reports and called for independent verification of the reported results, but to date has not received a response.

As reported at the end of Q1 2017, included in the concentrate shipments retained in Dar es Salaam were approximately 18,200 ounces of gold for which we received advance payment. As mentioned, there was the possibility that the advanced payment would have to be refunded as these shipments did not leave Tanzania within the contractual period. During Q2 2017, we repaid approximately US$22 million, being the full advance payment received, and have subsequently reversed the sale. Should the ban be lifted, these ounces can be sold again immediately as all royalties have been paid and export permits were previously granted.

We have continued to operate at Bulyanhulu and Buzwagi during the first half and continue to stockpile concentrate at each of the sites. This has resulted in the build-up of approximately 127,000 ounces of gold contained in unsold concentrate. In addition, we have approximately 8.3 million pounds of copper and 107,000 ounces of silver contained in the unsold concentrate. If the concentrate had been sold, net revenue and cashflow would have increased by approximately US$163 million. AISC was impacted on a unit cost basis by the concentrate ban, and had we sold all of the ounces ***produced***, AISC for the half year would have been approximately US$800 per ounce, and before the impact of the share based payment revaluation credit would have been approximately US$818 per ounce.

In June, the Government of Tanzania and Barrick Gold Corporation ("Barrick") agreed to commence discussions with the aim of resolving the current situation. Whilst these discussions are yet to commence, we understand that they will do so in the near future and that both sides will seek to achieve a timely resolution to the dispute. At this stage, Acacia is not participating directly in the discussions. Any potential resolution that might be identified as a result of the discussions will be subject to approval by Acacia, and the Company is working with Barrick to support such discussions.

Acacia's preferred outcome remains for a negotiated settlement with the Government, and whilst we see a route to achieving this we believe that it makes sense to continue operations at all three of our mines despite the losses we are incurring, predominantly at Bulyanhulu. However, given the scale of the cash outflows at Bulyanhulu we do not believe that this situation is sustainable at that operation beyond the end of the current quarter. In the event a decision was made to move Bulyanhulu to temporary care and maintenance, Acacia estimates that it would incur approximately US$30 million of upfront costs to retrench employees and end contracts in addition to the natural unwinding of around two months' worth of accounts payable with minimal gold production over the same period. Going forward, monthly costs of US$2-3 million would be incurred to maintain the mine in good standing ahead of a future re-start, when the mine would then benefit from the initial build-up of accounts payable.

Update on legislative changes in Tanzania

On 29th June, three new Parliamentary bills, which recommended significant changes to the legal and regulatory framework governing the natural resources sector as a whole in Tanzania, were published under a certificate of urgency which led to the extension of the Parliamentary session. Post period end, these bills were enacted by the Tanzanian Parliament and published in the Country's official Government Gazette of new legislation. All of the legislation is now in force and some of the terms within the acts are being applied by Tanzanian authorities.

The Natural Wealth and Resources (Permanent Sovereignty) Act, No 5 of 2017, the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act, No 6 of 2017 and the Written Laws (Miscellaneous Amendments) Act, No 7 of 2017, purport to make a number of changes to the operating environment for Tanzania's extractive industries. These changes include, among others:

the right for the Government of Tanzania (GoT) to renegotiate existing mineral development agreements at its discretion;the provision to the GoT of a non-dilutable, free-carried interest of no less than 16% in all mining projects;the right for the GoT to acquire up to 50% of any mining asset commensurate with the value of tax benefits provided to the owner of that asset by the GoT;removal of the refund of input VAT incurred on production of raw minerals for export;an increase in the rate of royalties from 4% to 6% on revenues from gold, copper, silver and platinum group metals;requirements for local beneficiation and procurement;constraints on the use of off-shore bank accounts; anda GoT lien over materials extracted from mining operations.

For a more detailed reading of the legislative provisions included in the new laws, please see[*http://www.parliament.go.tz/bills-list*](http://www.parliament.go.tz/bills-list).

This legislation is in addition to the recent amendments introduced to the Finance Act, which require mining companies to pay a 1% clearance fee calculated by reference to the gross value of minerals to the Government in order to obtain clearance for export ("Clearing Fee"). It is Acacia's belief that a number of the changes contained within the laws will require supplementary regulations over the coming months to set out the proposed practical implementation of the new laws. At this stage, Acacia is not aware of this process having commenced.

Acacia continues to monitor the impact of the new legislation in light of its Mineral Development Agreements ("MDAs") with the Government of Tanzania. However, to minimise further disruptions to our operations we will, in the interim, satisfy the requirements imposed as regards the increased royalty rate applicable to metallic minerals such as gold, copper and silver of 6% (increased from 4%), in addition to the recently imposed 1% clearing fee on exports. These payments are being made under protest, without prejudice to our legal rights under the MDAs.

Filing of Notice of Arbitration

Subsequent to period end Acacia announced that it served Notices of Arbitration in Tanzania on behalf of Bulyanhulu Gold Mine Limited ("BGML"), the owner of the Bulyanhulu mine, and Pangea Minerals Limited ("PML"), the owner of the Buzwagi mine. These Notices refer the current disputes between the Government of Tanzania and each of BGML and PML to arbitration. This is in accordance with the dispute resolution processes agreed by the Government of Tanzania in its MDAs with BGML and PML.

The serving of the Notices was necessary to protect the Company, and is currently with the Government to respond, but Acacia remains of the view that a negotiated resolution is the preferred outcome to the current disputes and the Company will continue to work to achieve this.

Minimum local shareholding and listing requirements for mining companies

During the latest Tanzanian Parliamentary session, the legislation impacting the ability for foreign investors to buy shares in initial public offers was amended, which significantly broadens the potential investor base for future offerings. At this stage, other than Acacia's existing cross listing on the Dar es Salaam Stock Exchange ("DSE"), no companies in either the Mining or Telecommunications sectors have successfully completed a listing on the DSE. Acacia supports the attempt to build capital markets in Tanzania and the promotion of local ownership and we have engaged with the Capital Markets and Security Authority (CMSA), the DSE, the Ministry of Energy and Minerals and all other relevant authorities in Tanzania with a view to finding a route forward that is both beneficial and practical for all stakeholders.

Contribution to Tanzania

In the first half of 2017, Acacia has paid a total of US$53 million of taxes and royalties. This is made up of provisional corporate tax payments year of US$17.3 million, royalties of US$18.6 million, payroll taxes of US$11.5 million and other taxes of US$5.6 million. In addition, we have also paid US$10 million in tax deposits which is recognised as part of other assets. If the gold/copper concentrate ***produced*** since March was sold during the first half then approximately a further US$7 million would have been paid in royalties. We have also paid local service levies due on H2 2016 revenues of US$1.6 million during the first half and are due to pay a further US$1.2 million in July for H1 2017. These amounts are 300% higher than the requirements set out in our MDAs. The provisional corporate tax payments have been offset against the indirect tax receivable under the existing Memorandum of Settlement ("MOS") entered into with the Tanzanian Government.

Over the last 6 months, Acacia's Sustainable Communities (SC) team continued to focus on delivering community benefits despite the uncertainties in the operating environment. The focus for the first half of the year was to begin and/or complete key infrastructural projects which we had committed to the communities and also to begin the roll out of the new SC strategy by building some of the foundations for implementation.

By end of June 2017, through the Maendeleo Fund, we implemented 6 social infrastructure projects with a total value of approximately US$1 million at the 3 mines sites - some of which began at the end of 2016. The key projects per site include:

Bulyanhulu: Constructed additional classrooms at Lwabakanga Primary School which has almost 600 studentsBuzwagi: Completed the construction of the 2.5km Mwime Chapulwa gravel road to benefit the Mwendakulima, Mwime and Chapulwa villages with a population of over 13,500 people.North Mara: Completion of the Kerende and Nyamwaga Health Centres which will benefit a population of about 25,000 people in 6 villages.

An additional 10 infrastructural development projects are currently underway across all our sites with a value of US$940,000 which include school infrastructure, water supply, sanitation and maintenance of community roads.  Other development projects in the last 6 months include continuing our support to 2,700 students with uniforms and books under the CanEducate partnership; supporting sports through coaching clinics in partnership with Sunderland Football Club and provision of reconstructive surgery for 36 burns and cleft lip and palate patients through our partnership with Rafiki Medical Missions.

In addition, Acacia, in partnership with TANESCO, has invested US$2.5 million to construct a STATCOM centre at Bulyanhulu that will enhance the quality of power supply in the area. The investment will greatly improve the stability of the electricity at the Bulyanhulu and Buzwagi mines and will reduce our reliance on self-generated diesel power. Residents in the Shinyanga and Geita districts around the mines will also benefit from improved quality power supply resulting from the commissioning of the STATCOM in July 2017.

During the reporting period, we shared our SC strategy with some of our key partners including government officials, development partners and other interested parties to increase awareness of the strategy. A database is under design to allow us to effectively monitor and evaluate our development efforts and it is expected to be completed in Q3 2017. Our future development projects will be informed by research and a consulting firm has been contracted to do an assessment of opportunities for development in the ***agricultural*** and small business sectors around our mine sites. Results from this study are expected in Q4 2017 and will be used to ***plan*** 2018 development initiatives. This study is in addition to the education scoping study which was completed in January 2017.

Indirect Taxation update

During the second quarter, Acacia incurred a further US$23 million of VAT outflows and received no VAT refunds, which together with the outflow in Q1 2017 has led to a total VAT outflow in the first half of 2017 of US$51 million. The audit of all VAT claims dating back to 2014 undertaken by the Tanzanian Revenue Authority and the Ministry of Finance is ongoing, with the focus now shifted to the suppliers to which our VAT claims relate, to determine whether the corresponding output VAT on their side has been declared. We believe that all VAT registered businesses are subject to this audit. As a result, our total indirect tax receivables has increased to approximately US$165 million during the quarter, of which approximately US$21 million of this is covered by the MOS, following the total offset of North Mara corporate tax mentioned above. Approximately US$7 million of the receivable is identified as a long term receivable, with the balance short term.

As disclosed above, the new legislation included an Amendment to the VAT Act 2015 so that no input tax credit can be claimed for the exportation of raw minerals, with effect from 20 July 2017. Whilst we are seeking further clarity on the application of the Amendment to the VAT Act 2015, we expect that we will continue to incur outflows related to VAT, notwithstanding exemptions that apply under the MDAs.

Board Changes

As previously reported, Peter Tomsett stepped down from the Acacia Board of Directors following the 2017 Annual General Meeting. Post period end, Ambassador (retd) Juma Mwapachu retired from the Board after six years of service as his term of appointment expired. Following these changes, the Acacia Board comprise 7 members, including 4 Independent Non-Executive Directors, two Non-Executive Directors and one Executive Director. Acacia continues to assess the ongoing composition of the Board and will announce a replacement Senior Independent Director in due course.

Acacia would like to thank Peter and the Ambassador for their valuable commitment and support to the Company during their tenure on the Board and wish them all the best for the future.

Dividend

Acacia has a cash flow based dividend policy where we aim to pay a dividend of between 15-30% of our operational cash flow after sustaining capital and capitalised development but before expansion capital and financing costs. As a result of the inability to export concentrates Acacia has experienced negative free cash flow in the first half of 2017 and due to the level of uncertainty over full year cash flow expectations, the Board of Directors has not recommended the payment of an interim dividend.

International Employee Work Permits

During the second quarter Acacia, and a number of its key contractors, experienced difficulty when applying for work and residence permits (as both are required to work in country) for international workers. This has had a particular impact on our underground development contractor at both Bulyanhulu and North Mara and led to a reduction in development metres as a result of the reduction in available staff. Together with the contractor, Acacia is working to resolve this issue with the Tanzanian Ministry of Labour, but expects full year development metres at both Bulyanhulu and North Mara to be behind ***plan***.

Outlook

Our three mines continue to ***produce*** and sell gold doré whilst stockpiling gold/copper concentrate. As mentioned above, as at 30 June 2017 we have approximately 127,000 ounces of gold, 8.3 million pounds of copper and 107,000 ounces of silver contained within unsold concentrate. We reiterate our group production guidance range of between 850,000-900,000 ounces, although are now targeting the lower end of this range. This is a result of full year expectations at Bulyanhulu being approximately 10% lower than previously ***planned*** due to lower underground productivities. Despite this, we continue to expect full year group all-in sustaining costs of between US$880 - US$920 per ounce and cash cost per ounce of between US$580 - US$620 per ounce. Our cost guidance is inclusive of the payment of the higher royalties and clearing fee, which are currently being paid under protest. In light of ongoing developments in Tanzania we continue to assess our capital expenditure and now expect this to be between US$180-200 million for the year as we defer non-essential spend. We continue to review broader spending across the business to ensure that we manage cash outflows whilst we are unable to export 100% of our production.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Key Statistics | Three months ended 30 June | Six months ended 30 June |  |  |
| (Unaudited) | 2017 | 2016 | 2017 | 2016 |
| Tonnes mined (thousands of tonnes) | 8,558 | 9,939 | 18,039 | 19,346 |
| Ore tonnes mined (thousands of tonnes) | 3,996 | 2,244 | 7,212 | 4,689 |
| Ore tonnes processed (thousands of tonnes) | 2,440 | 2,412 | 4,860 | 4,900 |
| Process recovery rate exc. tailings reclaim (percent) | 93.0% | 89.6% | 93.2% | 92.6% |
| Head grade exc. tailings reclaim (grams per tonne) | 3.3 | 3.7 | 3.4 | 3.2 |
| Process recovery rate inc. tailings reclaim (percent) | 89.3% | 88.9% | 89.6% | 87.7% |
| Head grade inc. tailings reclaim (grams per tonne) | 3.0 | 3.2 | 3.1 | 3.0 |
| Gold production (ounces) | 208,533 | 221,815 | 428,203 | 412,025 |
| Gold sold (ounces) | 127,694 | 216,782 | 312,438 | 400,963 |
| Copper production (thousands of pounds) | 4,409 | 4,624 | 9,065 | 8,427 |
| Copper sold (thousands of pounds) 3 | (1,183) | 4,403 | 1,304 | 8,084 |
| Cash cost per tonne milled exc. tailings reclaim (US$/t)1 | 34 | 62 | 43 | 60 |
| Cash cost per tonne milled inc. tailings reclaim (US$/t)1 | 30 | 54 | 37 | 52 |
| Per ounce data |  |  |  |  |
| Average spot gold price2 | 1,257 | 1,260 | 1,238 | 1,221 |
| Net average realised gold price1 | 1,255 | 1,258 | 1,235 | 1,209 |
| Total cash cost1 | 577 | 595 | 577 | 640 |
| All-in sustaining cost1 | 835 | 926 | 893 | 941 |
| Average realised copper price (US$/lb) | 2.56 | 2.16 | 2.99 | 2.13 |

Financial results

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited, in US$'000 unless otherwise stated) | 2017 | 2016 |  | 2017 | 2016 |
| Revenue | 157,763 | 284,038 |  | 391,664 | 504,947 |
| Cost of sales | (94,571) | (183,539) |  | (243,967) | (355,439) |
| Gross profit | 63,192 | 100,499 |  | 147,697 | 149,508 |
| Corporate administration | (5,878) | (4,469) |  | (12,520) | (9,771) |
| Share based payments | 18,209 | (15,697) |  | 7,785 | (19,635) |
| Exploration and evaluation costs | (9,372) | (5,199) |  | (16,150) | (11,150) |
| Corporate social responsibility expenses | (1,544) | (1,744) |  | (3,739) | (4,614) |
| Other (charges)/ income | (8,802) | 2,776 |  | (19,617) | 2,168 |
| Profit before net finance expense and taxation | 55,805 | 76,166 |  | 103,456 | 106,506 |
| Finance income | 946 | 197 |  | 1,543 | 490 |
| Finance expense | (3,216) | (2,514) |  | (5,454) | (5,380) |
| Profit before taxation | 53,535 | 73,849 |  | 99,545 | 101,616 |
| Tax expense | (17,819) | (27,567) |  | (37,002) | (107,744) |
| Net profit/(loss) for the period | 35,716 | 46,282 |  | 62,543 | (6,128) |

1 These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non IFRS measures" on page 28 for definitions.

2 Reflect the London PM fix price.

3 Negative sales quantities relate to the reversal of sales recorded during Q1 2017.

For further information, please visit our website:[*http://www.acaciamining.com/or*](http://www.acaciamining.com/or) contact:

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| --- | --- |
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Gordon Poole / Billy Clegg / Nick Hennis

About Acacia Mining plc

Acacia Mining plc (LSE:ACA) is Tanzania's largest gold miner and one of the largest ***producers*** of gold in Africa. We have three ***producing*** mines, all located in north-west Tanzania: Bulyanhulu, Buzwagi, and North Mara and a portfolio of exploration projects in Tanzania, Kenya, Burkina Faso and Mali.

Our approach is focused on strengthening our core pillars; our business, our people and our relationships, whilst continuing to invest in our future. Our ambition is to create a leading African Company.

Acacia is a UK public company headquartered in London. We are listed on the Main Market of the London Stock Exchange with a secondary listing on the Dar es Salaam Stock Exchange. Barrick Gold Corporation is our majority shareholder. Acacia reports in US dollars and in accordance with IFRS as adopted by the European Union, unless otherwise stated in this report.

Conference call

A presentation will be held for analysts and investors on 21 July 2017 at Noon London time.

For those unable to attend, an audio webcast of the presentation will be available on our website[*http://www.acaciamining.com/*](http://www.acaciamining.com/). For those who wish to ask questions, the access details for the conference call are as follows:

Participant dial in           +44 20 3059 8125 / +1 724 928 9460

Password:                      Acacia

FORWARD- LOOKING STATEMENTS

This report includes "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include, without limitation, financial projections and estimates and their underlying assumptions, statements regarding ***plans***, objectives and expectations with respect to future production, operations, costs, projects, and statements regarding future performance. Forward-looking statements are generally identified by the words "***plans***," "expects," "anticipates," "believes," "intends," "estimates" and other similar expressions.

All forward-looking statements involve a number of risks, uncertainties and other factors, many of which are beyond the control ofAcacia, which could cause actual results and developments to differ materially from those expressed in, or implied by, the forward-looking statements contained in this report. Factors that could cause or contribute to differences between the actual results, performance and achievements ofAcaciainclude, but are not limited to, changes or developments in political, economic or business conditions or national or local legislation or regulation in countries in whichAcaciaconducts - or may in the future conduct - business, industry trends, competition, fluctuations in the spot and forward price of gold or certain other commodity prices (such as copper and diesel), currency fluctuations (including the US dollar, South African rand, Kenyan shilling and Tanzanian shilling exchange rates),Acacia's ability to successfully integrate acquisitions,Acacia's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to process its mineral reserves successfully and in a timely manner,Acacia's ability to complete land acquisitions required to support its mining activities, operational or technical difficulties which may occur in the context of mining activities, delays and technical challenges associated with the completion of projects, risk of trespass, theft and vandalism, changes inAcacia'sbusiness strategy including, the ongoing implementation of operational reviews, as well as risks and hazards associated with the business of mineral exploration, development, mining and production and risks and factors affecting the gold mining industry in general. AlthoughAcacia'smanagement believes that the expectations reflected in such forward-looking statements are reasonable,Acaciacannot give assurances that such statements will prove to be correct. Accordingly, investors should not place reliance on forward-looking statements contained in this report.

Any forward-looking statements in this report only reflect information available at the time of preparation. Save as required under the Market Abuse Regulation or otherwise under applicable law, Acaciaexplicitly disclaims any obligation or undertaking publicly to update or revise any forward-looking statements in this report, whether as a result of new information, future events or otherwise. Nothing in this report should be construed as a profit forecast or estimate and no statement made should be interpreted to mean thatAcacia'sprofits or earnings per share for any future period will necessarily match or exceed the historical published profits or earnings per share of Acacia.

LSE: ACA

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Operating Review

Half Year Review

Despite the uncertainty caused by the operating environment in Tanzania, Acacia has continued to record impressive safety results, with a H1 Total Recordable Injury Frequency Rate (TRIFR) of 0.40, which is 49% lower than the corresponding period in 2016.  This performance is coupled with a decrease in the Injury Severity Rate and the number of High Potential Incidents recorded as compared to the corresponding period in 2016.  The site management team continues to engage and communicate regularly with the workforce on the situation in Tanzania and to conduct audits and inspections of all workplaces.  All operations maintain excellent house-keeping and empower and encourage the workforce to stop work if the need requires.

Acacia delivered first half production of 428,203, an increase of 4% year on year, while AISC of US$893 per ounce sold and cash cost of US$577 per ounce sold were 5% and 10% respectively lower than H1 2016. As a result of the ban on the export of gold/copper concentrate, sales ounces trailed production by approximately 115,000 ounces. For reference purposes, if H1 sales ounces equalled H1 production, AISC would have been approximately US$800 per ounce and cash costs would have been approximately US$569 per ounce.

North Mara achieved production of 179,578 ounces for the first half, up 3% from H1 2016. This was a result of 2% higher head grade driven by the preferential processing of higher grade stockpile ore from the Nyabirama pit; as well as continued high grades from the Gokona underground mine albeit slightly lower on average than H1 2016, combined with a 1% improvement in recoveries. Gold ounces sold of 178,130 ounces were 5% higher than the comparative period and broadly in line with production. Ore tonnes from underground mining were 50% higher in the first half, due to Gokona underground development being at a more advanced stage with access to more stopes compared to H1 2016. AISC of US$736 per ounce sold was 2% higher than H1 2016 (US$720) primarily due to slightly higher cash costs, higher capitalised development costs and higher sustaining capital expenditure offset by the impact of increased sales volumes.

At Buzwagi, gold production of 126,084 ounces was 57% higher than H1 2016, and in line with expectations. This was mainly due to a 50% increase in head grade driven by higher grade ore mined from the main ore zone at the bottom of the open pit in H1 2017. AISC per ounce sold of US$770 was 31% lower than in H1 2016, mainly driven by the increased production base, lower cash cost and lower sustaining capital expenditure, partly offset by the impact of lower sales volumes on individual cost items.

Bulyanhulu ***produced*** 122,542 gold ounces, 22% lower than the same period in 2016. This was due to a 25% decrease in ounces ***produced*** from underground mining over H1 2016, mainly driven by a 16% decrease in throughput due to lower ore tonnes mined, together with a 12% decrease in head grade, mainly due to the impact of mine sequencing. AISC per ounce sold for the first half of US$1,340 was 38% higher than H1 2016 (US$970) driven by the impact of lower sales ounces on individual cost items, higher cash costs and higher capitalised development costs, slightly offset by lower sustaining capital spend.

Total tonnes mined during the first half amounted to 18.0 million tonnes, 7% lower than H1 2016, mainly as a result of a 48% decrease in total waste tonnes mined at Buzwagi as the open pit will conclude later this year. Ore tonnes mined of 7.2 million tonnes were 54% higher than H1 2016 driven predominantly by increased ore tonnes from Buzwagi as a result of improved access to ore zones in the final stage of the open pit in H1 2017.

Ore tonnes processed amounted to 4.9 million tonnes, slightly lower than H1 2016. Lower run of mine tonnes at Bulyanhulu and lower throughput at North Mara was partly offset by higher reprocessed tailing throughput at Bulyanhulu.

Head grade for the period (excluding tailings retreatment) of 3.4g/t was 6% higher than in H1 2016 (3.2g/t) primarily driven by a 50% higher head grade at Buzwagi as a result of higher grade ore mined.

Cash costs of US$577 per ounce sold for the year to date were 10% lower than in H1 2016, primarily due to:

Higher production base (US$23/oz);Increased investment in ore stockpiles, mainly at Buzwagi (US$33/oz);Lower consumable costs (US$18/oz) mainly driven by improved consumable unit costing and usage optimisation;Increased capitalised mining, mainly driven by increased capitalised stripping at North Mara relating to the Nyabirama Cut 4 cutback (US$17/oz); andLower sales related costs due to lower sales volumes caused by the concentrate ban (US$34/oz)

This was offset by

Lower co-product revenue in the form of copper concentrates (US$46/oz); andIncreased contracted services costs mainly relating to development and drilling contracts (US$23/oz).

Included in cost of sales and ultimately cash cost for the first half, is a credit of approximately US$63.6 million (US$204/oz) relating to the build-up in finished gold inventory due to concentrate sales delays, which largely offsets the impact of the reduction in sales ounces in the cash cost per ounce sold calculation.

All-in sustaining cost of US$893 per ounce sold for the first half was 5% lower than H1 2016, despite the lag in sales against production. This was driven by the lower cash costs (US$64/oz) as well as a credit relating to share based payment revaluation driven by the approximate 33% reduction in the Acacia share price (US$25/oz), partly offset by the impact of lower sales volumes on individual cost items (US$85/oz) and higher capitalised development costs at both North Mara and Bulyanhulu (US$16/oz).

If our sales ounces equalled production, AISC for the first half would have been approximately US$800 per ounce sold, compared to US$916 per ounce sold on the same basis in H1 2016, a decrease of 13%, and excluding the impact of non-cash share based payment revaluation credits would have been approximately US$819.

Cash from operating activities of US$1.3 million compared negatively to the inflow of US$157.1 from H1 2016. The inability to export our concentrate has had a negative impact on operating cash flow of approximately US$163 million. Working capital outflows mainly relating to increases in supplies inventory and indirect tax receivables further impacted cash generated from operating activities.

Capital expenditure amounted to US$92.5 million compared to US$85.2 million in H1 2016. Capital expenditure primarily comprised of capitalised development and stripping (US$64.3 million), investment in mobile equipment and component change-outs at both North Mara and Bulyanhulu (US$6.6 million), investment in fixed equipment and mining infrastructure mainly at Bulyanhulu (US$4.6 million), and land purchases at North Mara (US$1.2 million).

Second Quarter Review

Acacia recorded 5 Lost Time Injuries during the quarter with 3 at Bulyanhulu, 1 at North Mara and 1 with Discovery in Kenya, a decrease of 37% on the same period in 2016. Two of the injured were Acacia employees, whilst three were contractor employees. Of the 9 Medically Treated Incidents in Q2 2017, all were contractor employees, which is a focal point in Q3 2017. Q2 Total Recordable Injury Frequency Rate (TRIFR) of 0.51 was 38% lower than the corresponding period in 2016.

Production for Q2 2017 amounted to 208,533 ounces, a decrease of 6% on the same period in 2016.

North Mara ***produced*** 83,110 ounces in Q2 2017, 17% lower than in Q2 2016 and a 13% decrease from Q1 2017, driven by lower head grades compared to Q2 2016, mainly as a result of lower mine grades year on year. Total open pit tonnes mined decreased by 5% from Q2 2016 driven by lower waste mined in the Nyabirama pit while total ore tonnes mined increased by 18% compared to the same period. Ore tonnes from underground mining of 162kt were 91% higher in Q2 2017, due to Gokona underground development being at an advanced stage with access to more stopes compared to Q2 2016. Cash cost per ounce sold of US$476 was 25% higher than in Q2 2016, primarily driven by the lower production base, lower capitalised development costs mainly due to lower waste stripping at the Nyabirama pit and higher direct mining costs driven by higher labour, fuel and consumables cost. AISC of US$758 per ounce sold was 7% higher than in Q2 2016 due to a lower production base and higher cash costs, partly offset by lower capitalised development costs and a decrease in sustaining capital expenditure.

At Buzwagi, gold production for the quarter of 66,228 ounces was 53% higher than Q2 2016, and 11% ahead of Q1 2017. Total tonnes mined decreased by 22% from Q2 2016 while ore tonnes mined were more than double compared to the prior quarter due to the focus of mining at the bottom of the pit which contains more ore tonnes. Cash cost per ounce sold of US$705 was 26% lower than Q2 2016 mainly due to lower direct mining costs driven by lower consumable and external services costs, lower sales related costs due to lower sales volumes combined with the impact of the higher production base partly offset by lower co-product revenue. AISC of US$762 per ounce sold was 25% lower than Q2 2016, primarily due to lower cash cost combined with a credit relating to share based payment valuations, partially offset by the effect of lower sales volumes on the individual cost items.

Bulyanhulu ***produced*** 59,196 ounces, 25% lower than the same period in Q2 2016 and 6% lower than Q1 2017. Ounces ***produced*** from underground mining amounted to 50,340 ounces, a 28% decrease on Q2 2016 mainly due to lower ore tonnes received from underground combined with a 10% decrease in grade, while ounces ***produced*** from the reprocessing of tailings amounted to 8,856 ounces, an increase of 6%. Lower mining tonnes of 203,000 tonnes were mainly due to lower productivities as well as inaccessibility of certain stopes. AISC amounted to US$1,558 per ounce sold for the quarter, 63% higher than in Q2 2016 and 3% lower than Q1 2016, mainly driven by the lower production base and the effect of lower sales volumes on the individual cost items combined with higher cash costs for the quarter.

Total tonnes mined during the quarter amounted to 8.6 million tonnes, 14% lower than Q2 2016 while total ore tonnes mined of 4.0 million tonnes exceeded the comparative period by 78%. This was mainly due to increased ore tonnes from North Mara and Buzwagi.

Total tonnes processed amounted to 2.4 million tonnes, broadly in line with Q2 2016, with head grade for the quarter (excluding tailings retreatment) of 3.3g/t was 11% lower than Q2 2016 (3.7g/t) due to lower grades at North Mara and Bulyanhulu.

Capital expenditure for the quarter amounted to US$45.6 million compared to US$49.1 million in Q2 2016, a decrease of 7%. Capital expenditure primarily comprised capitalised development (US$30.5 million), expansion capital relating to capitalised drilling at North Mara (US$3.5 million), investment in fixed equipment and mining infrastructure (US$5.4 million) and investment in mobile equipment and component change-out costs (US$4.0 million).

Mine Site Review

Bulyanhulu

Key statistics

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) |  | 2017 | 2016 |  | 2017 | 2016 |
| Key operational information: |  |  |  |  |  |  |
| Ounces ***produced*** | oz | 59,196 | 78,643 |  | 122,542 | 157,069 |
| Ounces sold | oz | 27,409 | 78,271 |  | 81,214 | 150,719 |
| Cash cost per ounce sold1 | US$/oz | 813 | 662 |  | 795 | 661 |
| AISC per ounce sold1 | US$/oz | 1,558 | 958 |  | 1,340 | 970 |
| Copper production | Klbs | 1,313 | 1,710 |  | 2,811 | 3,527 |
| Copper sold2 | Klbs | (357) | 1,574 |  | 599 | 3,154 |
| Run-of-mine: |  |  |  |  |  |  |
| Underground ore tonnes hoisted | Kt | 204 | 236 |  | 409 | 479 |
| Ore milled | Kt | 202 | 250 |  | 423 | 502 |
| Head grade | g/t | 8.6 | 9.6 |  | 8.5 | 9.7 |
| Mill recovery | % | 89.9% | 90.8% |  | 90.7% | 89.3% |
| Ounces ***produced*** | oz | 50,340 | 70,307 |  | 104,596 | 140,083 |
| Cash cost per tonne milled1 | US$/t | 91 | 185 |  | 133 | 180 |
| Reprocessed tailings: |  |  |  |  |  |  |
| Ore milled | Kt | 410 | 402 |  | 823 | 780 |
| Head grade | g/t | 1.4 | 1.4 |  | 1.4 | 1.5 |
| Mill recovery | % | 46.9% | 45.6% |  | 47.2% | 45.9% |
| Ounces ***produced*** | oz | 8,856 | 8,336 |  | 17,946 | 16,986 |
| Capital Expenditure |  |  |  |  |  |  |
| - Sustaining capital | US$('000) | 4,387 | 4,421 |  | 8,599 | 11,506 |
| - Capitalised development | US$('000) | 14,984 | 15,270 |  | 31,054 | 28,438 |
| - Expansionary capital | US$('000) | 504 | 559 |  | 982 | 753 |
|  |  | 19,875 | 20,250 |  | 40,635 | 40,697 |
| - Non-cash reclamation asset adjustments | US$('000) | (851) | 5,723 |  | 191 | 9,937 |
| Total capital expenditure | US$('000) | 19,024 | 25,973 |  | 40,826 | 50,634 |

1These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non-IFRS measures" on page 28 for definitions.

2Negative sales quantities relate to the reversal of sales recorded during Q1 2017.

Operating performance

Gold production for the first half of 122,542 ounces was 22% lower than the same period in 2016. This was due to a 25% decrease in ounces ***produced*** from underground mining over H1 2016, driven by a 16% decrease in throughput and a 12% reduction in head grade During H1 2017, we increasingly experienced lower underground productivities which impacted both tonnes mined and head grades. Whilst we expect improvement on both measures in the second half, full year output is expected to be approximately 10% lower than previously ***planned***. Production from the reprocessing of tailings saw an increase of 6% against H1 2016 due to an increase in throughput and recoveries, which was partially offset by slightly lower grades.

Production during the quarter comprised of 24,911 ounces of gold in concentrate and 34,285 ounces of gold in doré, amounting to a total of 55,699 ounces of gold in concentrate and 66,843 ounces of gold in doré for the first half of 2017.

Gold sold for the year to date amounted to 81,214 ounces, 46% lower than H1 2016 and 34% lower than production, mainly as a result of the inability to export concentrate from early March combined with the lower production base. Sales ounces for the quarter also included a negative sales adjustment of 7,480 ounces due to reversals made for concentrate shipments previously sold but subsequently reversed due to the concentrate not being able to leave port.

Copper production of 2.8 million pounds for the year to date compared negatively to the comparative period by 20%, mainly as a result of lower copper grades. Copper sold was 81% lower than H1 2016, primarily due to the lack of exports of concentrate combined with lower copper production. Negative copper sales pounds for the quarter in the main relate to 342,273 pounds of copper concentrate, previously recorded as sales, but subsequently reversed due to the current export ban on mineral concentrates.

Cash costs of US$795 per ounce sold were 20% higher than H1 2016 (US$661), mainly due to the lower production base (US$189/oz), increased contracted services costs (US$76/oz) driven by increased mine development costs and lower co-product revenue (US$67/oz). This was partly offset by lower sales related costs due to lower sales volumes (US$92/oz), lower consumable costs due to optimised usage and improved unit costs (US$35/oz) and lower maintenance costs (US$34/oz).

AISC per ounce sold for the first half of US$1,340 was 38% higher than H1 2016 (US$970) driven by the impact of lower sales ounces on individual cost items ($264/oz), higher cash cost as explained above (US$134/oz) and higher capitalised development costs ($32/oz), slightly offset by lower sustaining capital spend ($36/oz). Should we have been able to sell all ounces ***produced***, AISC would have been approximately US$1,140 per ounce.

Capital expenditure for the first half before reclamation adjustments amounted to US$40.6 million, slightly lower than H1 2016 (US$40.7 million). This is the result of lower sustaining capital expenditure offset by higher capitalised development. Capital expenditure mainly consisted of capitalised underground development costs (US$31.1 million), investment in mobile equipment and component change-outs (US$2.9 million) and investment in fixed equipment and mining infrastructure including the West fan upgrade and underground ventilation raise boring (US$2.9 million).

Buzwagi

Key statistics

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) |  | 2017 | 2016 |  | 2017 | 2016 |
| Key operational information: |  |  |  |  |  |  |
| Ounces ***produced*** | oz | 66,228 | 43,156 |  | 126,084 | 80,219 |
| Ounces sold | oz | 15,895 | 42,971 |  | 53,094 | 80,404 |
| Cash cost per ounce sold1 | US$/oz | 705 | 948 |  | 697 | 1,052 |
| AISC per ounce sold1 | US$/oz | 762 | 1,019 |  | 770 | 1,124 |
| Copper production | Klbs | 3,095 | 2,915 |  | 6,253 | 4,900 |
| Copper sold2 | Klbs | (826) | 2,829 |  | 705 | 4,929 |
| Mining information: |  |  |  |  |  |  |
| Tonnes mined | Kt | 4,297 | 5,497 |  | 9,564 | 11,423 |
| Ore tonnes mined | Kt | 2,898 | 1,302 |  | 4,951 | 2,605 |
| Processing information: |  |  |  |  |  |  |
| Ore milled | Kt | 1,119 | 1,054 |  | 2,195 | 2,182 |
| Head grade | g/t | 1.9 | 1.3 |  | 1.8 | 1.2 |
| Mill recovery | % | 96.6% | 94.8% |  | 96,7% | 94.6% |
| Cash cost per tonne milled1 | US$/t | 10 | 39 |  | 17 | 39 |
| Capital Expenditure |  |  |  |  |  |  |
| - Sustaining capital | US$('000) | 724 | 1,081 |  | 865 | 2,231 |
| - Capitalised development | US$('000) | - | - |  | - | - |
|  |  | 724 | 1,081 |  | 865 | 2,231 |
| - Non-cash reclamation asset adjustments | US$('000) | 79 | 1,586 |  | (1) | 3,007 |
| Total capital expenditure | US$('000) | 803 | 2,667 |  | 864 | 5,238 |

1These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non-IFRS measures" on page 28 for definitions.

2Negative sales quantities relate to the reversal of sales recorded during Q1 2017.

Operating performance

Gold production for the first half of 126,084 ounces was 57% higher than the comparative period in 2016 mainly due to a 50% increase in grade as a result of higher grade ore mined from the main ore zone at the bottom of the stage 3 pit in H1 2017 compared to the focus on waste movement in the first half of 2016 in order to mine the stage 3 pushback. This was further assisted by a 2% increase in mill recoveries due to improved mill availability and improved milling rates.

Production during the quarter was comprised of 40,210 ounces of gold in concentrate and 26,027 ounces of gold in doré, amounting to a total of 80,202 ounces gold in concentrate and 45,882 ounces gold in doré for the first half of the year.

Gold sold for the year to date amounted to 53,094 ounces, 34% lower than H1 2016 and 58% lower than production, a direct result of the inability to export concentrate from early March 2017 slightly offset by a higher production base compared to the comparative period. Sales ounces for the quarter also included a negative sales adjustment of 10,724 ounces due to reversals made for concentrate shipments previously sold but subsequently reversed due to the concentrate not being able to leave port.

Copper production of 6.3 million pounds for the year to date was 28% higher than the comparative period mainly due to increased copper grades. Copper sold was 86% lower than H1 2016, primarily due to the lack of mineral concentrate exports. Negative copper sales pounds for the quarter in the main relate to 781,423 pounds of copper concentrate, previously recorded as sales, but subsequently reversed due to the current export ban on mineral concentrates.

Total tonnes mined of 9.6 million tonnes were 16% lower than H1 2016, primarily due to the focus of mining at the bottom of the pit in H1 which contains more ore tonnes compared to waste movement during H1 2016 resulting in 90% higher ore tonnes mined during the first half of 2017.

Cash costs for the first half of US$697 per ounce sold were significantly lower than H1 2016 (US$1,052/oz), primarily driven by the impact of the higher production base (US$315/oz), lower sales related cost due to lower sales volumes (US$88/oz), lower consumable spend due to lower unit costs and optimisation of usage (US$115/oz). This was partly offset by lower co-product revenue in the form of copper concentrates (US$177/oz). As a result of the significant inventory credit resulting from the lack of sales, cash cost per tonne milled of US$17 per tonne was significantly lower than the previous period.

AISC per ounce sold of US$770 was 31% lower than the H1 2016. This was mainly driven by lower cash costs as explained above (US$354/oz). Should we have been able to sell all ounces ***produced***, AISC would have been approximately US$589 per ounce.

Capital expenditure before reclamation adjustments of US$0.9 million was 61% lower than H1 2016 (US$2.2 million). Capital expenditure for the year to date consisted of the corrosion treatment of the process plant and investment in tailings storage facility.

North Mara

Key statistics

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) |  | 2017 | 2016 |  | 2017 | 2016 |
| Key operational information: |  |  |  |  |  |  |
| Ounces ***produced*** | oz | 83,110 | 100,016 |  | 179,578 | 174,737 |
| Ounces sold | oz | 84,390 | 95,540 |  | 178,130 | 169,840 |
| Cash cost per ounce sold1 | US$/oz | 476 | 382 |  | 441 | 427 |
| AISC per ounce sold1 | US$/oz | 758 | 707 |  | 736 | 720 |
| Open pit: |  |  |  |  |  |  |
| Tonnes mined | Kt | 3,896 | 4,120 |  | 7,750 | 7,234 |
| Ore tonnes mined | Kt | 733 | 620 |  | 1,536 | 1,395 |
| Mine grade | g/t | 1.7 | 2.1 |  | 1.8 | 1.8 |
| Underground: |  |  |  |  |  |  |
| Ore tonnes trammed | Kt | 162 | 85 |  | 316 | 210 |
| Mine grade | g/t | 8.4 | 13.8 |  | 9.0 | 11.9 |
| Processing information: |  |  |  |  |  |  |
| Ore milled | Kt | 709 | 705 |  | 1,419 | 1,436 |
| Head grade | g/t | 4.0 | 4.8 |  | 4.3 | 4.1 |
| Mill recovery | % | 92.3% | 92.3% |  | 92.5% | 91.4% |
| Cash cost per tonne milled1 | US$/t | 57 | 52 |  | 55 | 50 |
| Capital Expenditure |  |  |  |  |  |  |
| - Sustaining capital2 | US$('000) | 5,921 | 7,703 |  | 12,177 | 10,081 |
| - Capitalised development | US$('000) | 15,485 | 19,396 |  | 33,282 | 31,051 |
| - Expansionary capital | US$('000) | 2,953 | 372 |  | 4,489 | 458 |
|  |  | 24,359 | 27,471 |  | 49,948 | 41,590 |
| - Non-cash reclamation asset adjustments | US$('000) | (180) | 3,075 |  | (56) | 6,252 |
| Total capital expenditure | US$('000) | 24,179 | 30,546 |  | 49,892 | 47,842 |

1These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non-IFRS measures" on page 28 for definitions.

2 Includes land purchases recognised as long term prepayments

Operating performance

Gold production for the first half of 179,578 ounces was slightly higher than in H1 2016. This was a result of 5% higher head grade driven by the preferential processing of higher grade ore from the Nyabirama pit as well as continued high grades from the Gokona underground mine, combined with a 1% improvement in recoveries. Gold ounces sold for the year of 178,130 ounces were 5% higher than the comparative period and broadly in line with production.

Ore tonnes from underground mining were 50% higher in the first half, due to Gokona underground development providing access to more stopes compared to H1 2016.  Cemented Aggregate Fill (CAF) continues to be placed in primary stopes, though further work is required on the plant to ensure that forecast fill volumes can be maintained.

Cash costs of US$441 per ounce sold were 3% higher than H1 2016 (US$427/oz), mainly driven by higher direct mining costs due to increased labour, fuel and consumable costs (US$52/oz), partly offset by higher capitalised development cost (US$23/oz) and the higher production base (US$9/oz).

AISC of US$736 per ounce sold was 2% higher than H1 2016 (US$720/oz) primarily due to higher cash costs (US$14/oz), higher capitalised development costs (US$13/oz) and higher sustaining capital expenditure (US$12/oz) offset by the impact of increased sales volumes (US$14/oz).

Capital expenditure for the year before reclamation adjustments of US$49.9 million was 20% higher than in H1 2016 (US$41.6 million). Key capital expenditure include capitalised stripping costs (US$25.9 million), capitalised underground development costs (US$7.4 million), capitalised drilling expenditure (US$4.5 million) and investment in mobile equipment and component change-outs (US$3.7 million). In addition, US$1.2 million was spent on land acquisitions primarily around the Nyabirama open pit. Land acquisition costs are included in capital expenditure above as they are included in AISC but are treated as long term prepayments on the balance sheet.

Exploration Review

Brownfield Exploration

Tanzania

Significant brownfield ***programmes*** and budgets were approved for 2017 for North Mara to undertake surface and underground drilling activities at Gokona, Nyabirama, and Nyabigena. Underground drilling also continues on the Reef 2 series at Bulyanhulu to increase confidence in the resources and reserves in the Reef 2 Central area.

North Mara

Gokona Underground

A total of 55 holes for 7,593 metres of extension and infill drilling were completed at Gokona underground during H1 2017. Significant drilling activity during H1 was focused on delineating the western extension of the "Golden Banana" (East Zone) lode mineralisation between the Gokona Fault and the completed Gokona open pit. Several wide and high grade intercepts were returned from this drill ***programme*** extending the previously modelled mineralisation including:

UGKD00320         33.0m @ 38.2 g/t Au from 36mUGKD00321         31.0m @ 14.7 g/t Au from 31mUGKD00323         24.8m @ 133.5 g/t Au from 35mUKGC\_00299      29.1m @ 10.1g/t Au from 83mUGKD\_00303      26.0m @ 40.8g/t Au from 110mUKGC\_00308      23.0m @ 42.7g/t Au from 121m

Additionally, several high grade intercepts were returned adjacent to the Gokona Fault on the east side of the fault extending the previously modelled mineralisation in this area, including:

UGKD\_00113\*     10.0m @ 10.4 g/t Au from 32mUKGC\_00251\*     25.0m @ 7.00g/t Au from 36mUGKD\_00107\*     24.0m @ 12.5g/t Au from 31mUKGC\_00262\*     19.4m @ 64.7g/t Au from 37m incl. 2m @ 453g/t Au from 45mUKGC\_00260\*     9.0m @ 59.9g/t Au from 46m incl. 3m @ 204g/t Au from 49m

Note: \* delineates results previously released in Q1 report

In the second half of 2017, underground diamond core drilling will continue to test the deeper fault offset extension of the Gokona East mineralisation, test continuity of higher grade mineralisation beneath the existing open pit and immediately west of the Gokona Fault, commence drilling of the Gokona Central area below the open pit, and continue grade control drilling of Gokona West. The results from this drilling will be incorporated as part of the updating of the Mineral Resource Model in order to deliver increased confidence, additional mining areas in the upper part of the deposit; and confirm and define targets for on-going extensional diamond drilling. The ***planned*** ***programme*** will comprise of approximately 75,000 metres of drilling over the next two years, with approximately 45,000 metres to be drilled in 2017.

Nyabirama

The second stage of the surface diamond core drilling ***programme*** adjacent to the Nyabirama pit was completed in March, and a subsequent ***programme*** of infill drilling to approximately 50m drill spacing commenced and was ongoing at the end of H1 2017. A total of 22 holes for 12,985 metres were completed during H1 2017. This drilling has been successful in delineating the down-dip and down-plunge extension of higher grade quartz-vein lode structures to a vertical depth of approximately 950m below surface and approximately 800m down-plunge to the south-west of the current open pit.

Better results received during H1 included:

NBD0147             3.0m @ 5.1 g/t Au from 397m, and

                             4.0m @ 9.1 g/t Au from 428mNBD0149A           3.0m @ 66.6 g/t Au from 873m incl. 1m @ 198g/t Au from 874m, and

                             5.0m @ 4.8 g/t Au from 890mNBD0152              6.0m @ 51.9 g/t Au from 592m incl. 1m @ 280g/t Au from 594mNBD0154              5.0m @ 4.5 g/t Au from 511m,

                              4.0m @ 4.6g/t Au from 537m, and

                              3.0m @ 6.5g/t Au from 546mNBD0157              4.0m @ 10.8g/t Au from 264m,

                              4.0m @ 26.7g/t Au from 325m, and

                              7.0m @ 9.50g/t Au from 464mNBD0158              11.5m @ 26.5g/t Au from 272mNBD0160              4.0m @ 4.30g/t Au from 149m, and

                              3.0m @ 13.1g/t Au from 230m

The results of the infill ***programme*** will be incorporated into a Mineral Resource model to form the basis for further study on a potential underground development to further test the system and enable underground production by the time of the completion of the open pit in 2021.

Nyabigena

A total of 8 holes for 3,955 metres of the ***planned*** ***programme*** of approximately 10,000m of surface diamond core drilling were completed during the first half of 2017 at Nyabigena. This ***programme*** was designed to test the continuity of mineralisation and structural framework below the existing open pit. Initial results returned broad zones of low grade gold mineralisation with narrow restricted higher grade zones, but also confirmed some of the interpreted structural offsets. The ***programme*** was suspended in the latter part of H1 to focus on surface drilling in higher priority areas and reduce overall site expenditure. The drilling results will be incorporated into an updated geological model and Mineral Resource estimate in due course.

Bulyanhulu

Reef 2 Central

Underground diamond core drilling in H1 2017 was primarily focused on infill drilling of Reef 2 to increase the level of confidence in the Mineral Resource, and testing the Reef 1 structure in areas where limited to no historic drill testing has been undertaken. A total of 117 underground diamond drill core holes were completed for 30,412 metres during H1 2017, testing both the Reef 1 and Reef 2 structures.

In order to increase the understanding of the Reef 2 series of veins, tighter spaced definition drilling (50m x 50m grid) commenced in 2016 from existing underground development platforms in the "Reef 2m Central" area. The drilling coverage tested an area of approximately 570m vertical and 600m in strike length.

Based on the results received to date the Reef 2m Central vein is displaying good continuity and has extended the mineralisation a further 100m vertically, and a further 150m in strike. There is a notable average grade increase of approximately 25% for the drilled area. Implications from all the drilling to date is that the overall tonnes in the resource may go down slightly but there is an overall grade increase and subsequent ounce increase.

Definition drilling will continue in H2 2017 across the Reef 2m Central in order to define the economic limits along strike and confirming the lower vertical limit. Better results during the period, all true width, include:

UX3980- 744        3.99m @ 54.0g/t AuUX3980- 734        5.22m @ 17.1g/t AuUX3980- 769        3.44m @ 23.7g/t AuUX3980- 729        2.86m @ 23.1g/t AuUX4130- 322        3.16m @ 36.6g/t AuUX4130- 324        3.80m @ 15.8g/t Au

Greenfield Exploration

Kenya

West Kenya Project

During H1 2017, we announced the maiden NI 43-101 compliant Inferred Mineral Resource Estimate (MRE) on the Liranda Corridor, within our West Kenya Project. The Inferred MRE of 3.46 million tonnes at 12.1 grams per tonne for 1.31 million ounces is primarily located on three main zones of mineralisation at the Acacia prospect. The gold mineralisation at Acacia is associated with shear zones ranging in width from 0.5 metres to 10 metres (averaging 3 metres true width, dependent on the zone), hosted by a mafic volcanic sequence. The strike lengths of the explored sections of the main mineralised zones at Acacia vary between 200m and 600m and the resource is currently defined down to a vertical depth of 750m with the structures open down plunge.

In addition, we identified mineralised zones on the Bushiangala prospect, approximately one kilometre away from the Acacia prospect, but at this stage this material remains unclassified due to drill density and the need to further understand the controls on the mineralisation and its continuity. Recent results from the Bushiangala prospect include: 3.0m @ 14.0 g/t Au from 386m, 1.0m @ 18.4 g/t Au from 389m and 5.0m @ 4.13 g/t Au from 304m. Based on the work undertaken up to February 2017, the current scale of the mineralisation at Bushiangala is between 0.60Mt and 1.60Mt at a grade between 6.0g/t Au and 10.0g/t Au, for a metal target of between 190,000 ounces and 300,000 ounces of contained gold. A key element of the 2017 drilling ***programmes*** at Bushiangala is to both move this existing target mineralisation into the Inferred Resource category and to expand the scale of the targeted mineralisation.

During H1 2017, a total of 68 diamond holes were completed or were underway at period end for 33,420 metres, with seven diamond core drill rigs drilling on various prospects. Current drilling on the Acacia prospect is targeting a significant expansion to the resource through testing up and down plunge extensions, as well as, infill drilling in areas of structural complexity and areas that previously returned lower grade results.

Drilling during H1 continued to intersect significant high grade results, however at the end of June we had approximately 23 holes with assays pending due to the need to send samples to South Africa rather than to Tanzania, due to impact of the current export ban. As a result, the majority of the results received during the period are from the first quarter, although visible gold has been seen in 8 of the 23 holes with assays pending. Better results received during H1 are:

LCD0128\* - 4.0m @ 33.9g/t Au from 302m, 4.2m @ 19.0g/t Au from 552m, and 2.5m @ 76.7g/t Au from 577m,LCD0130\* - 3.1m @ 14.1 g/t Au from 197m,LCD0132\* - 1.3m @ 65.6g/t Au from 301m and 4.7m @ 14.0g/t Au from              446.5m,LCD0133\* - 0.5m @ 97.2g/t Au from 585.5m and 3.3m @ 10.9g/t Au from 753.7m,LCD0135\* - 3.3m @ 33.0g/t Au from 664.9m and 0.5m @ 25.0g/t Au from 687m,LCD0138\* - 1.0m @ 26.0g/t Au from 200m and 2m @ 22.6g/t Au from 214m,LCD0146\* - 2.5m @ 28.5g/t Au from 270.7m,LCD0150\* - 1.8m @ 7.56g/t Au from 457.2m and 6.0m @ 6.40g/t Au from 558m,LCD0152\* - 6.8m @ 12.7g/t Au from 211.7m,LCD0155 - 1.0m @ 18.4g/t Au from 389m and 1.0m @ 9.44 g/t Au from 399.2m,LCD0156 - 3.0m @ 9.32g/t Au from 1067.9m,LCD0160 - 3.0m @ 14.0g/t Au from 386m.

Note: \* - holes reported during Q1 2017

The current drill ***programme*** consists of approximately 48,000 metres of diamond core drilling, ***planned*** to be completed during Q3 2017, with the objective of increasing the Acacia Prospect Inferred resource, ***producing*** an initial Inferred resource on the Bushiangala Prospect, and testing nearby prospects east of the Acacia Prospect, namely the Shigokho and Shibunane Prospects. We are targeting a significant increase in the resource to 2 million ounces prior to the end of 2017. We also ***plan*** to commence a scoping study looking at the potential for an underground mining operation during H2 2017.

Burkina Faso

During H1 2017 we continued to explore our properties in the highly prospective Houndé Belt in southwest Burkina Faso. Acacia currently has four joint ventures and an interest in over ~2,700km2 of prospective greenstone belt. Acacia manages all of the joint ventures. A major component of H1 2017 work ***programmes***, apart from drilling, was to review the structural architecture of land holding and complete a target generation exercise using airborne aeromagnetic and radiometric data and ground IP geophysical data where available; these target generation layers are now being used with our surface geochemical data layers to develop priority drilling targets, and to date we have delineated more than 65 targets warranting follow-up by either mapping or reconnaissance drilling.

South HoundéJoint Venture- current ownership 50%, next stage earn-in to 70%

At the South Houndé JV project we continued field-based exploration activities focused both on resource extensions to the Tankoro Resource and regional exploration ***programmes*** searching for new discoveries. Acacia has taken over management of the South Houndé JV and all field activities as of 1st January. During H1 2017 work continued to focus on the Tankoro Resource area (MM and MC Zones), the Tankoro Corridor prospects (Tankoro SW, Guy, Phantom and Phantom East) and regional targets (Ouangoro, Tyikoro, Poyo/Werienkera and Bini West). A total of 462 Aircore (AC) holes were drilled for a total of 26,957 metres and 18 RC/Diamond holes were drilled for a total of 5,740m. In addition to this, rock chips (180) and termite mound (97) samples were collected on regional targets.

Tankoro - MM and MC Zones

During H1 we continued a ***programme*** of drilling to test the down-plunge extensions of higher grade gold mineralisation related interpreted cross structures at the MM and MC Zones within the Tankoro resource. A "results based" phased strategy has been adopted "cycling" the rig between the Chewbacca, Yoda, Anakine and Jabba zones within the MM and MC parallel mineralised zones.  All holes drilled to date have intersected the targeted porphyries and cross structures, however, in the majority of cases the high-grade shoots are either lower grade than expected, or of shorter strike extend that expected. The best potential at this stage appears to be depth extensions on the MC Zone where drilling has identified multiple mineralised porphyries and gold mineralisation in the surrounding intercalated sediments.

Better results from MM and MC Zone included:

FRC1070 - 11.35m @ 3.50g/t Au from 397.5m including 6.5m @ 5.02g/t AuFRC1071 - 4.1m @ 3.35g/t Au from 511.6m including 1.5m @ 8.28g/t AuFRC1072 - 3.65m @ 3.01g/t Au from 533.2m including 1.1m @ 7.38g/t AuFRC1075 - 6.86m @ 6.83g/t Au from 173.15m including 2m @ 18.8g/t Au, and 3.35m @ 8.17g/t Au from 236.5mFRC1076 - 3.2m @ 22.5g/t Au from 231m

The current phase of diamond core and RC drilling continues to target interpreted high grade domains associated with cross-structures and is applying the learnings from the initial holes. Results from more recent drilling are pending and expected to be received during early H2 2017.

Tankoro Corridor - Phantom, Phantom East, Guy and Southwest Extensions

RC and diamond core drilling on the Tankoro Corridor targeting the northeast extension of the mineralised system at the Phantom and Phantom East prospects was ongoing at the end of H1, with potential mineralised zones, associated with sericite-pyrite-arsenopyrite alteration, observed in holes from both prospects. We also completed a single diamond hole at the Guy Prospect, with the hole cutting approximately 40m of sericite-carbonate+/-sulphide alteration and varying intensity of quartz veining. In the far south west of the Tankoro Corridor we also commenced a ***programme*** of regional Aircore drilling following up large areas of gold-in-soil geochemistry associated with IP chargeability anomalies. At the end of the period, assay results for the various Tankoro Corridor ***programmes*** were still pending due to a backlog of more than one month in the Burkina Faso assay lab. Results are expected to be received throughout Q3 2017.

Ouangoro Anomaly

Aircore drilling commenced at the beginning of February on the Ouagoro Anomaly with the ***plan*** to drill 19 regional 1km spaced traverses across a 15-20 kilometre x 4 kilometre zone of semi-continuous gold-in-soil anomalism along several interpreted NNE-trending linear geophysical features. To date 10 traverses have been drilled for 11,490 metres, with results for first eight traverses being received at period-end. Positive results have been returned from all traverses including better results of:

20m @ 0.67g/t Au from 28m (including 2m @ 3.09g/t Au),8m @ 0.86g/t from surface (including 2m @ 2.32g/t Au),18m @ 0.61g/t Au from 6m (including 4m @ 1.69g/t Au),2m @ 1.80g/t Au from 22m,6m @ 1.04g/t Au from 78m,4m @ 1.34g/t Au from 30m,12m @ 1.73g/t Au from 42m

Gold mineralisation and anomalism in drill chips, and observed in artisanal workings, is typically associated with quartz veins in sheared siltstone and sandstone units intruded by interpreted quartz-feldspar porphyries, with fresher drill chips show carbonate and silica-sericite alteration. Regionally the anomalous gold zones intersected in Aircore drilling occur on interpreted 020-trending shear zones. It is anticipated that infill Aircore drilling (200m and 400m spaced lines) will be completed as phase 2 of the ***programme*** during H2 2017 and H1 2018, once all results are received and interpreted.

Central Houndé Joint Venture - current ownership 51%, next stage earn-in to 80%

Surface geochemical sampling undertaken over the past 24 months has identified several very encouraging zones of gold anomalism coincident with the interpreted NE-trending Legue-Bongui structural corridor, including an 8km x 2km anomalous gold zone. Additional interpretative work has identified 35 targets associated with mapped alteration, artisanal sites, mineralised rock chips and/or pathfinder geochemistry (arsenic, molybdenum etc) warranting follow-up.

Work during the H1 included mapping and lithological sampling, infill soil sampling, multi-element analysis, RC drilling and a structural interpretation using all available datasets. During the half, a total of 596 soil samples and 43 rock chips were collected. During the mapping a number of west-north west trending mineralised structures were identified in the Legue NW Corridor, and rock chips taken along these structures returned a number of significant results. In total 21 of 49 rock chip samples returned assays >0.1g/t up to 77.4g/t gold, including assays of 5.95g/t, 19.1g/t, 28.1g/t, 62.8g/t and 77.4g/t. The anomalous rock chip samples are associated with shear mafic volcanic rocks and boudinaged quartz vein zones. RC drilling in the Legue NW Corridor to test these anomalous rock chip zones commenced early June and at the end of H1 a total of 9 RC holes for a total of 1,421 metres had been completed. Once all results have been received and this phase of the drilling ***programme*** has been completed we will assess what is required for phase 2 of the ***programme***.

Pinarello & Konkolikan Joint Venture (Canyon Resources Limited) - current ownership 75%, potential to earn 100%

Surface geochemical sampling undertaken over the past 2 years has identified several very encouraging zones of gold anomalism coincident with the interpreted structural corridors, magnetic features and surface IP geophysical anomalies. During the quarter we completed a structural targeting exercise, reviewed the surface gold anomalies from soil sampling, and undertook multi-element geochemical analysis, using a portable XRF, of all samples from the regional soil sampling ***programmes***. As a result of this targeting exercise we delineated 28 targets across the Pinarello project area, and we commenced field validation, geological mapping and further surface sampling ***programmes*** on priority target areas.

We continue to follow up the previous season's surface geochemical and Aircore drilling ***programs*** at Pinarello. A total of 421 Aircore holes for an aggregate of 23,089 metres were completed on the Tankoro Corridor SW extension, Gaghny, Tangalobe, Dafala and Dopala prospects. More significant results from 2016 / 2017 Aircore drilling campaigns were followed up with 37 RC holes for an aggregate of 5,803 metres. While not all results are available yet, results received to date are mixed with only a small number of significant gold intercepts warranting further follow-up.

Results from Aircore drilling along the Tangaloble and Tankoro Corridors is considered positive with better results of: 3m @ 0.77g/t from 29m; 3m @ 0.72g/t Au from 5m; 4m @ 1.64g/t Au from 49m; 2m @ 6.0g/t Au from 57m; 6.0m @ 1.18 g/t Au from 14.0m, including 2.0m @ 3.09 g/t Au from 14.0m; 4m @ 0.68g/t Au from 20m, and 8m @ 0.52g/t Au from 14m mostly associated with quartz veins, oxidised sulphides and haematite.

Results from RC drilling at Gaghny and Tangalobe returned a number of anomalous intercepts associated with sericite-fuchsite-carbonate altered sediments and quartz veins-sericite-heamatite altered sediments respectively. Better intercepts include: 2.0m @ 0.61g/t Au from 99m and 1m @ 3.07g/t Au from 106m; 1m @ 3.24 g/t Au from 92m; 13.0m @ 1.06 g/t Au from 136m and 5.0 m @ 0.68 g/t Au from 141m; 1m @ 4.85 g/t Au from 1m and 10m @ 0.44 g/t Au from 52m.

Acacia has now earned 75% equity in the project and we have therefore entered the contributory/dilution phase of the JV agreement. Canyon Resources, our joint venture partner has elected to dilute, and the current ***programmes*** will increase Acacia's equity to approximately 89%. ***Programmes*** for H2 2017 include RC drilling, Aircore drilling, geological mapping, prospect reviews, further infill soil sampling and trenching.

Frontier JV - earning 100% through option payments

Regional regolith and geological mapping has been completed for both licences. A regional 800m x 400m reconnaissance BLEG soil sampling ***programme***, combined with termite mound, rock chip and quartz lag sampling ***programmes*** has been completed. This work has identified a number of significant large scale gold-in-soil anomalies (soils up to 3g/t Au). A 200m x 200m infill commenced but has yet to be completed. A total of 6,035 soil, 44 rock chip and 1,043 termite samples were collected during H1 2017. In addition to this a detailed structural magnetic interpretation and targeting exercise has been completed. This interpretation integrated geological and regolith mapping, Landsat, Aster and recently acquired high resolution airborne magnetic and radiometric data. A number of high quality targets have been selected for reconnaissance Aircore drilling. During H2 2017 work will comprise data collation and interpretation, infill soils sampling, multi-element work and reconnaissance Aircore drilling of high priority coincident geochemical and structural/magnetic targets.

Mali

In Mali we continued to delineate surface gold-in-soil anomalies, already defined in late 2016, through mapping and surface IP geophysical surveys, and commenced drilling ***programmes*** on the resultant targets. At the same time, we continued to build our land position in the Senegal-Mali Shear Zone (SMSZ) with a the grant of a further two land packages, one under joint venture (Bou Bou) and the other 100% Acacia (Gourbassi), Acacia now holds 5 exploration permits covering 191km2 on the SMSZ.

Tintinba - Bane Project - earning 95% through option payments

The Tintinba-Bane Project consists of three permits covering approximately 150km2. These properties are located within the Kénéiba Inlier of Western Mali, along the world class Senegal-Mali-Shear-Zone (SMSZ), which hosts more than 50 million ounces of gold endowment. During the half, a ground-based gradient array induced polarisation geophysical survey was completed (31 line km) and interpreted. Results from IP, soils, drilling and mapped and interpreted geology have been used to refine existing and define new targets for drill testing. At least 25 targets with co-incident IP chargeability, resistivity, and surface gold-in-soil anomalism have been identified.

RC drilling commenced in mid-March 2017 aimed at testing around 18 targets in total with single drill fences to test for gold mineralisation and to understand the geology and alteration of each target in order to rank these targets moving forward. A total of 54 RC holes for 7,260 metres and 2 diamond drill holes for 206 metres were drilled. Drilling to date can be considered very positive as 5 of the 9 gold anomalies where results have been received have returned positive gold. Assay results are still pending for a number of drill traverses, but better higher grade results returned to date include; 4m @ 18.7g/t and 4m @ 5.62g/t, and regionally significant drill results returning broad zones of gold anomalism include; 13m @ 1.11g/t, 15m @ 0.50g/t, 13m @ 0.50g/t, 25m @ 0.45g/t including 7m @ 1.01g/t, 17m @ 0.71g/t and 19m @ 0.55g/t.

Given the discovery history of several >3Moz deposits in the SMSZ, these results and the associated alteration on essentially single RC fences, across large-scale gold-in-soil anomalies can be considered very significant and warrant follow-up drilling.

Bourdala JV - earning 100% through option payments

The Boudala JV is a joint venture with a local company over the Bou Bou licence located approximately 15km from the centroid of the Tintinba JV further to the south. The property is located within the central portion of the Kedougou-Kenieba Inlier and just to the east of the highly prospective Senegal-Mali Shear Zone. Acacia can earn up to 100% of the project through a series of staged payments over a period of 36 months.

During H1 2017, six RC holes for 800 metres were completed across the Boubou Artisanal Prospect on the Bourdala JV licence. These returned highly anomalous results including: BORC005: 64m @ 0.23g/t from 10m, BORC004: 26m @ 0.31g/t from 72m and 26m @ 0.58g/t from 104m. These results are encouraging given that the results occur in consecutive holes on the drill traverse and define a 50 metre wide zone of gold anomalism, within a 2km long artisanal site, and hole BORC005 ended in mineralisation.

Gourbassi Est - 100%

During H1 2017, the Gourbassi Est convention was signed and arête for the licence was received. The licence is located immediately west of the Tintinba/Bane Project in the central Senegal Mali Shear Zone area of the Kedougou-Kenieba Inlier. The property is located to the west of the SMSZ in an area dominated by footway splays to the SMSZ. The ***programme*** for H2 2017 is to review the historic data and complete mapping and surface sampling ***programmes***. Dependent on results of this first pass work we would complete RC and/or diamond core drilling during H1 2017.

Tanzania

Nyanzaga Joint Venture

During the period, OreCorp Limited published the results of the Pre-Feasibility Study ("PFS") on the Nyanzaga Project. The PFS, led by Lycopodium Minerals Pty Ltd of Perth, Western Australia, delivered an optimal development scenario of a 4Mtpa concurrent open pit ("OP") and underground ("UG") operation for pre-production capital costs estimate of US$287M, which includes a US$33M contingency. The concurrent mining schedule significantly reduced the low grade stockpiling scenario considered in the Scoping Study and increased the OP contained ounces and life of mine ("LOM") average mineralised material grade processed from 1.9 g/t gold in the Scoping Study to 2.0 g/t (+5%). Based on the PFS, the Project is expected to deliver an average gold production of 213koz per annum over a 12 year LOM, peaking at 249koz in Year 3 and totalling approximately 2.56Moz of gold ***produced*** over the LOM. The AISC and AIC are estimated to be US$838/oz and US$858/oz respectively over the LOM. Acacia and OreCorp have agreed the scope of the Definitive Feasibility Study ("DFS") and this commenced in the second quarter.

OreCorp and Acacia continue to review and seek advice on the impact of the new legislation in Tanzania on the Nyanzaga Project. OreCorp has published an analysis of their preliminary view of the impact of the legislation which can be found on their website ([*http://www.orecorp.com.au*](http://www.orecorp.com.au)) and indicates that the legislation may potentially have an adverse effect on the Nyanzaga Project. We note that regulations, which will assist the understanding of the implementation of the legislation, are not yet available and will be reviewed once they are.

Financial Review

The impact of the gold/copper concentrate export ban is evident in our financial performance, and most notably in cash flow generation. However, in an effort to minimising the impact, we have further increased our focus on cost control and capital allocation. The key aspects of our financial performance over the first half of 2017 is summarised below, and should be read in conjunction with the consolidated condensed interim financial information:

Revenue of US$391.7 million was US$113.3 million lower than H1 2016 driven by the 22% decrease in sales volumes mainly as a result of our inability to sell gold/copper concentrate which deferred approximately US$175 million in gross revenue.Cash costs decreased to US$577 per ounce sold in the first half of 2017 from US$640 per ounce sold in H1 2016, driven by the higher production base, lower sales related costs, higher capitalisation of development costs and lower consumables costs, partly offset by lower co-product revenue and increased contracted services costs.AISC at US$893 per ounce sold was 5% lower than in H1 2016 (US$941 per ounce sold), mainly due to lower cash costs and non-cash share based payment revaluation credits, partly offset by lower sales volumes despite the higher production base.As a result of the above and in combination with higher exploration charges, EBITDA decreased by 13% to US$161.4 million.Lower tax expense of US$37.0 million compared to the prior year expense of US$107.7 million. The current year charge is driven by year to date profitability mainly from North Mara, while the prior year expense included the recognition of US$70 million of tax provisions relating to prior year tax disputes.As a result of the above, net earnings amounted to US$62.5 million, compared to a loss of US$6.1 million in H1 2016.Adjusted net earnings of US$65.9 million were US$7.1 million higher than H1 2016. Adjusted earnings per share amounted to US16.1 cents, up from US14.3 cents in H1 2016.Operational cash flow of US$1.3 million decreased from H1 2016, primarily as a result lower revenue as discussed above, unfavourable working capital outflows due to a build-up of gold inventory and supplies, an increase in indirect taxes receivable, and payments of US$26.7 million relating to prepaid and provisional corporate tax.

The following review provides a detailed analysis of our consolidated results for 6 months ended 30 June 2017 and the main factors affecting financial performance. It should be read in conjunction with the unaudited consolidated financial information and accompanying notes on pages 36 to 58, which have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ("IFRS").

Revenue

Revenue for H1 2017 of US$391.7 million was US$113.3 million lower than H1 2016 due to a 22% decrease in gold sales volumes from Bulyanhulu and Buzwagi (88,525 ounces) offset by a 5% increase in sales ounces from North Mara and a 2% increase in the average net realised gold price from US$1,209 per ounce sold in H1 2016 to US$1,235 in H1 2017.

The decrease in revenue during the first half of 2017 was primarily driven by the ban on export of mineral concentrates which also resulted in a negative sales adjustment of 18,204 ounces, approximately US$22.0 million in revenues, due to reversals made for concentrate shipments sold in Q1 2017 due to the concentrate not being able to leave port.

The net realised gold price for the year to date of US$1,235/oz was US$3/oz lower than the average market price of US$1,238/oz due to the timing of sales. There were no realised losses related to gold hedges during H1 2017.

Included in total revenue is co-product revenue of US$5.8 million for the 2017 year to date, 71% lower than the prior period (US$20.3 million), this as a result of the lack of concentrate sales from early March 2017. The 2017 half year average realised copper price of US$2.99 per pound compared favourably to that of H1 2016 (US$2.13 per pound), and was mainly driven by the higher market price for copper. The benefit of a higher copper price is however not reflected in H1 2017 revenues due to a 83% decrease in copper sales volumes. Included in co-product revenue is a negative sales adjustment of 1.1 million copper pounds, approximately US$3.0 million in revenues, due to reversals made for concentrate shipments sold in Q1 2017 but subsequently reversed due to the concentrate not being able to leave port.

The impact of the ban during the first half of the year has meant that we have approximately 127,000 ounces of gold contained in unsold concentrate. In addition, we have approximately 8.3 million pounds of copper and 107,000 ounces of silver contained in unsold concentrate. If these have been sold, gross revenue and cashflow would have increased by approximately US$175 million.

Cost of sales

Cost of sales was US$244.0 million for H1 2016, representing a decrease of 31% on the prior year period (US$355.4 million). The key aspects impacting the cost of sales for the year include an 32% reduction in direct mining costs, primarily driven by higher capitalised mining costs including a credit of approximately US$63.3 million relating to a build-up of finished gold ounces, combined with lower depreciation and amortisation costs as a result of the lower production base at Bulyanhulu, lower sales related cost due to lower sales volumes and minimal realised losses on economic hedges due to majority of options reaching their settlement date during 2016.

The table below provides a breakdown of cost of sales:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (US$'000) | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) | 2017 | 2016 |  | 2017 | 2016 |
| Cost of Sales |  |  |  |  |  |
| Direct mining costs | 61,527 | 118,535 |  | 160,310 | 234,436 |
| Third party smelting and refining fees | 1,417 | 6,782 |  | 6,738 | 13,639 |
| Realised losses on economic hedges | 170 | 2,539 |  | 278 | 6,454 |
| Royalty expense | 8,040 | 12,517 |  | 18,682 | 22,534 |
| Depreciation and amortisation\* | 23,417 | 43,166 |  | 57,959 | 78,376 |
| Total | 94,571 | 183,539 |  | 243,967 | 355,439 |

\* Depreciation and amortisation includes credits relating to the depreciation component of the cost of inventory build-up of US$12.8 million for Q2 2017 (Q2 2016: US$0.9 million) and US$15.8 million for H1 2017 (H1 2016: US$5.7 million).

A detailed breakdown of direct mining expenses is shown in the table below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| (US$'000) |  | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) |  | 2017 | 2016 |  | 2017 | 2016 |
| Direct mining costs |  |  |  |  |  |  |
| Labour |  | 23,859 | 21,728 |  | 47,261 | 43,789 |
| Energy and fuel |  | 21,161 | 21,387 |  | 44,604 | 41,875 |
| Consumables |  | 22,262 | 26,482 |  | 47,168 | 52,939 |
| Maintenance |  | 26,357 | 27,494 |  | 52,123 | 53,735 |
| Contracted services |  | 33,483 | 33,829 |  | 69,497 | 62,383 |
| General administration costs |  | 21,788 | 22,362 |  | 42,309 | 43,085 |
| Gross direct mining costs |  | 148,910 | 153,282 |  | 302,962 | 297,806 |
| Capitalised mining costs |  | (87,383) | (34,747) |  | (142,652) | (63,370) |
| Total direct mining costs |  | 61,527 | 118,535 |  | 160,310 | 234,436 |

Gross direct mining costs of US$303.0 million for H1 2017 were 2% higher than H1 2016 (US$297.8 million). The overall increase was driven by the following:

An 11% increase in contracted services mainly at Bulyanhulu due to higher costs associated to underground drilling combined with higher underground metres drilled, increased service cost for power generation and contractors employed as part of various mine projects;An 8% increase in labour cost, mainly as a result of production bonuses paid out at North Mara and Buzwagi; andA 7% increase in energy and fuel expenses driven by higher tonnes mined at North Mara resulting in higher costs relating to fuel and lubricants.

This was offset by:

A 11% decrease in consumables costs mainly at Buzwagi due to lower reagents and chemicals costs as a result of lower cyanide usage, lower grinding media costs driven by the optimised usage of grinding balls, lower explosives costs driven by improved blasting practice combined with lower processing consumables used at Bulyanhulu driven by lower tonnes processed as well as efficient usage of reagents; andA 3% decrease in maintenance costs mainly at Bulyanhulu due to reduced maintenance activity and changes to the maintenance schedules showing continued benefits from ***planned*** maintenance activities.

Capitalised direct mining costs, consisting of capitalised development costs and investment in inventory is made up as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (US$'000) |  |  | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) |  |  | 2017 | 2016 |  | 2017 | 2016 |
| Capitalised direct mining costs |  |  |  |  |  |  |  |
| Capitalised development costs |  |  | (25,962) | (30,210) |  | (56,530) | (51,369) |
| Investment in inventory |  |  | (61,420) | (4,537) |  | (86,122) | (12,001) |
| Total capitalised direct mining costs |  |  | (87,382) | (34,747) |  | (142,652) | (63,370) |

Capitalised development costs were 125% higher than H1 2016, primarily driven by a build-up of concentrates in gold ounces at Bulyanhulu and Buzwagi resulting in an investment in inventory of US$86.1 million. The increase in capitalised development cost mainly relate to higher gross direct mining cost at North Mara resulting in 10% higher capitalised development during H1 2017.

Central costs

Total central costs amounted to US$4.7 million for H1 2017, a 84% decrease on H1 2016 (US$29.4 million) mainly driven by a non-cash share based payment revaluation credit as a result of the lower share price and share price performance compared to 2016, specifically when compared to our peers and the global mining index, impacting on the valuation of future share-based payment liabilities to employees. Acacia's share price decreased by approximately 31% compared to December 2016. This was partly offset by a 28% increase in corporate administration costs as a result of higher legal and consulting fees paid, slightly offset by lower labour cost across all offices during H1 2017.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (US$'000) |  |  | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) |  |  | 2017 | 2016 |  | 2017 | 2016 |
| Corporate administration |  |  | 5,878 | 4,469 |  | 12,520 | 9,771 |
| Share-based payments |  |  | (18,209) | 15,697 |  | (7,785) | 19,635 |
| Total central costs |  |  | 12,331 | 20,166 |  | 4,735 | 29,406 |

Exploration and evaluation costs

Exploration and evaluation costs of US$16.2 million were incurred in H1 2017, 45% higher than the US$11.2 million spent in H1 2016. The key focus areas for the half year were greenfield exploration ***programmes*** in West Kenya amounting to US$8.0 million and greenfield exploration ***programmes*** in West Africa amounting to US$7.2 million.

Corporate social responsibility expenses

Corporate social responsibility costs incurred for H1 2017 amounted to US$3.7 million compared to the prior year of US$4.6 million. Corporate social responsibility overheads and central initiatives in H1 2017 amounted to US$2.3 million and was higher compared to US$2.1 million in H1 2016. General community projects funded from the Acacia Maendeleo Fund amounted to US$1.4 million, which was US$1.2 million lower than in H1 2016, driven by the timing of projects starting.

Other charges

Other charges in H1 2017 amounted to US$19.6 million, compared to an income of US$2.2 million in H1 2016. The main contributors include foreign exchange losses of US$4.6 million, legal costs of US$4.6 million mainly relating to legal representation on historical court cases, retrenchment costs of US$3.3 million and Acacia's ongoing ***programme*** of zero cost collar contracts to mitigate the negative impact of copper, rand and fuel market volatility, which resulted in a mark-to-market revaluation loss of US$2.4 million (as these arrangements do not qualify for hedge accounting these unrealised gains are recorded through profit and loss). The charges were partly offset by income of US$1.8 million generated through the sale of a mineral royalty previously held by Acacia.

Finance expense and income

Finance expense of US$5.5 million for H1 2017 was in line with H1 2016 (US$5.4 million). The key components were borrowing costs relating to the Bulyanhulu CIL facility (US$1.6 million) which were lower than the prior year due to a lower outstanding facility following repayments, lower accretion expenses of US$1.7 million relating to the discounting of the environmental reclamation liability and US$1.5 million relating to the servicing of the US$150 million undrawn revolving credit facility. Other costs include bank charges and interest on finance leases.

Finance income relates predominantly to interest charged on non-current receivables and interest received on money market funds. Refer to note 8 of the condensed financial information for details.

Taxation matters

The total income tax charge was US$37.0 million compared to the prior year expense of US$107.7 million. The current tax charge of US$31.8 million (H1 2016: US$64.4 million) was predominantly made up of current year income tax for North Mara, driven by year to date profitability, in combination with deferred tax charges of US$5.2 million (2016: US$43.3 million) which reflects movements in temporary differences. The tax expense for H1 2016 of US$107.7 million included US$69.9 million relating to tax provisions raised for historical tax disputes. The effective tax rate in H1 2017 amounted to 37% compared to 106% in H1 2016.

During H1 2017, we made provisional corporate tax payments of US$17.3 million relating to North Mara, which is based on the pro rata portion of North Mara's expected full year profitability. These provisional corporate tax payments have been offset against the indirect tax receivable covered under the Memorandum of Settlement entered into with the Tanzanian Government in 2011, and as a result, were not paid in cash. In addition, during H1 2017 we have also made a prepaid tax payment of US$9.5 million relating to a advance payment on a dispute raised on claimed historical North Mara taxes, which was paid in cash.

Net earnings and earnings per share

As a result of the factors discussed above, net earnings for H1 2017 were US$62.5 million, against the prior year loss of US$6.1 million.

Earnings per share for H1 2017 amounted to US15.3 cents, an increase of US16.8 cents from the prior year loss per share of US1.5 cents. The increase was driven by the higher earnings, with no change in the underlying issued shares.

Adjusted net earnings and adjusted earnings per share

Adjusted net earnings for the first half was US$65.9 million compared to US$58.8 million in H1 2016. Net earnings in the periods as described above have been adjusted for the impact of items such as prior year tax provisions, discounting of indirect tax receivables, restructuring costs, insurance proceeds as well as legal settlements. Refer to page 30 for reconciliation between net profit and adjusted net earnings.

Adjusted earnings per share for H1 2017 amounted to US16.1 cents, an increase of US1.8 cents from H1 2016 adjusted earnings per share of US14.3 cents.

Financial position

Acacia had cash and cash equivalents on hand of US$175.9 million as at 30 June 2017 (US$317.8 million as at 31 December 2016). The Group's cash and cash equivalents are with counterparties whom the Group considers to have an appropriate credit rating. Location of credit risk is determined by physical location of the bank branch or counterparty. Investments are held mainly in United States dollars, with cash and cash equivalents in other foreign currencies maintained for operational requirements.

During 2013, a US$142 million facility ("Facility") was put in place to fund the bulk of the costs of the construction of the Bulyanhulu tailings retreatment project ("Project"). The Facility is collateralised by the Project, and has a term of seven years with a spread over Libor of 250 basis points. The seven year Facility is repayable in equal instalments (bi-annual) over the term of the Facility, after a two year repayment holiday period. The interest rate has been fixed at 3.6% through the use of an interest rate swap. The full facility of US$142 million was drawn in 2013. During 2017, the 4th repayment amounting to US$14.2 million in total was made. At 30 June 2017, the outstanding capital balance is US$85.2 million (30 June 2016: US$113.6 million).

The above complements the existing undrawn revolving credit facility of US$150 million, which runs until November 2019.

The net book value of property, plant and equipment increased from US$1.41 billion as at 30 June 2016 to US$1.47 billion as at 30 June 2017. The main capital expenditure drivers have been explained above, and have been offset by depreciation charges of US$69.7 million. Refer to note 12 to the condensed financial information for further details.

The current portion of inventories increased from US$195.7 million as at 30 June 2016 to US$280.7 million as at 30 June 2017. This was mainly due to an increase of US$83.6 million relating to finished goods. Total gold ounces on hand of 138,113 ounces as at 30 June 2017 comprised 126,931 ounces of gold in concentrate and 11,202 ounces of gold in doré.

Total indirect tax receivables increased from US$136.4 million as at 31 December 2016 to US$165.5 million as at 30 June 2017. The increase was mainly due to no VAT refunds received as a result of ongoing audits by the Tanzanian Revenue Authority on submitted VAT returns. Our gross increase in receivables, before the corporate tax prepayment offset, amounted to approximately US$47 million. This was partly offset by corporate tax prepayments of US$17.3 million and revaluation losses with the net increase in receivables being US$29.1 million.

The net deferred tax position was a liability of US$156.8 million as at 30 June 2016 compared to the liability of US$152.1 million as at 31 December 2016. This was mainly as a result of temporary difference at Buzwagi during the current period.

Net assets increased from US$1.86 billion as at 31 December 2016 to US$1.90 billion as at 30 June 2017. The increase reflects the current year income of US$62.5 million and the payment of the final 2016 dividend of US$34.4 million.

Cash flow generation and capital management

Cash flow

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (US$000) | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) | 2017 | 2016 |  | 2017 | 2016 |
| Cash (used in)/ generated from operating activities | (23,909) | 104,864 |  | 1,315 | 157,096 |
| Cash used in investing activities | (47,250) | (46,347) |  | (94,786) | (80,272) |
| Cash used in financing activities | (34,447) | (11,490) |  | (48,585) | (25,690) |
| (Decrease)/ increase in cash | (105,606) | 47,027 |  | (142,056) | 51,134 |
| Foreign exchange difference on cash | 50 | (99) |  | 151 | (45) |
| Opening cash balance | 281,442 | 237,429 |  | 317,791 | 233,268 |
| Closing cash balance | 175,886 | 284,357 |  | 175,886 | 284,357 |

Cash flow from operating activitieswas US$1.3 million for H1 2017, a decrease of US$155.8 million from H1 2016 (US$157.1 million). The decrease relates to unfavourable working capital outflows of US$159.7 million compared to outflows of US$16.3 million in H1 2016, provisional income tax paid of US$17.3 million and a US$9.5 million corporate tax dispute deposit included in other current assets, compared to total tax payments of US$10 million in H1 2016 combined with the impact of lower operating profit mainly due to lost margins on lower gold sales volumes (US$10.7 million). This was offset by the impact of lower non-cash expenses of US$8.2 million which include unrealised gains on derivatives of US$2.4 million and foreign exchange differences of US$4.6 million.

The working capital outflow relates to a net increase in inventories on hand of US$113.2 million driven by the higher production base and lower sales volumes, and a net increase in indirect tax receivables on a cash basis of approximately US$30.0 million.

Cash flow used in investing activitieswas US$94.8 million for H1 2017, an increase of 18% when compared to H1 2016 (US$80.3 million), driven by higher capitalised development at both North Mara and Bulyanhulu, partly offset by lower sustaining capital expenditure at Bulyanhulu and Buzwagi.

A breakdown of total capital and other investing capital activities for 2017 is provided below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (US$'000) |  |  | Six months ended 30 June |  |
| (Unaudited) |  |  | 2017 | 2016 |
|  |  |  |  |  |
| Sustaining capital |  |  | (30,204) | (21,906) |
| Capitalised development |  |  | (64,337) | (59,489) |
| Expansionary capital |  |  | (5,523) | (1,211) |
| Total cash capital |  |  | (100,064) | (82,606) |
| Non-current asset movement1 |  |  | 5,278 | 2,334 |
| Cash used in investing activities |  |  | (94,786) | (80,272) |
| Capital expenditure reconciliation: |  |  |  |  |
| Total cash capital |  |  | 100,064 | 82,606 |
| Land purchases |  |  | 1,247 | 2,824 |
| Movement in capital accruals |  |  | (8,855) | (258) |
| Capital expenditure |  |  | 92,456 | 85,172 |
| Land purchases classified as long term prepayments |  |  | (1,247) | (2,824) |
| Non-cash rehabilitation asset adjustment |  |  | 134 | 19,196 |
| Total capital expenditure per segment note |  |  | 91,343 | 101,544 |

1 Non-current asset movements relates to the movement in Tanzania government receivables, other long term assets and the sale of a mineral royalty.

Sustaining capital

Sustaining capital expenditure includes investment in mobile equipment and component change-outs (US$6.6 million), investment in fixed equipment and mining infrastructure including the West fan upgrade and underground ventilation raise boring at Bulyanhulu (US$9.7 million) and other sustaining capital expenditure across sites of US$13.9 million. During the first half, capital accruals from December 2016 of US$8.9 million were paid.

Capitalised development

Capitalised development includes North Mara capitalised stripping costs (US$25.9 million) and capitalised underground development (US$7.4 million) and Bulyanhulu capitalised underground development costs (US$31.1 million).

Expansionary capital

Expansionary capital expenditure consisted mainly of capitalised expansion drilling at North Mara (US$4.5 million) and Bulyanhulu (US$1.0 million).

Non-cash capital

Non-cash capital was a negative US$8.8 million and consisted mainly of a decrease in capital accruals (US$8.9 million) and reclamation asset adjustments (US$0.1 million). The reclamation adjustments were driven by changes in US risk free rates driving changes in discount rates and closure costs assumptions.

Other investing capital

During H1 2017 North Mara incurred land purchases totalling US$1.2 million (H1 2016: US$2.8 million).

Cash flow used in financing activitiesfor H1 2017 of US$48.6 million, an increase of US$22.9 million from US$25.7 million in H1 2016. The outflow relates to payment of the final 2016 dividend of US$34.4 million and the payment of the 4th instalment of the borrowings related to the Bulyanhulu CIL facility totalling US$14.2 million.

Dividend

The final 2016 dividend of US8.4 cents per share was paid to shareholders on 25 May 2017. The Board of Directors have not recommended an interim dividend for 2017 as a result of the negative free cashflow generation over H1 2017, in line with our dividend policy.

Significant judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the condensed consolidated financial information require management to make judgements and/or estimates. These judgements and estimates are continuously evaluated and are based on management's experience and best knowledge of the relevant facts and circumstances, but actual results may differ from the amounts included in the condensed consolidated financial information included in this release. Information about such judgements and estimation is included in the accounting policies and/or notes to the consolidated financial statements, and the key areas are summarised below.

Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the condensed consolidated financial statements include:

Estimates of the quantities of proven and probable gold and copper reserves;Estimates included within the life-of-mine ***planning*** such as the timing and viability of processing of long term stockpiles;The capitalisation of production stripping costs;The capitalisation of exploration and evaluation expenditures;Review of goodwill, tangible and intangible assets' carrying value, the determination of whether a trigger for an impairment review exist, whether these assets are impaired and the measurement of impairment charges or reversals, and also includes the judgement of reversal of any previously recorded impairment charges;The estimated fair values of cash generating units for impairment tests, including estimates of future costs to ***produce*** proven and probable reserves, future commodity prices, foreign exchange rates and discount rates;The estimated useful lives of tangible and long-lived assets and the measurement of depreciation expense;Recognition of a provision for environmental rehabilitation and the estimation of the rehabilitation costs and timing of expenditure;Whether to recognise a liability for loss contingencies and the amount of any such provision;Whether to recognise a provision for accounts receivable, and in particular the indirect tax receivables from the Tanzanian Government, a provision for obsolescence on consumables inventory and the impact of discounting the non-current element of the indirect tax receivable;Recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes;Determination of the cost incurred in the productive process of ore stockpiles, gold in process, gold doré/bullion and concentrate, as well as the associated net realisable value and the split between the long term and short term portions;Determination of fair value of derivative instruments; andDetermination of fair value of share options and cash-settled share-based payments.

Non-IFRS Measures

Acacia has identified certain measures in this report that are not measures defined under IFRS. Non-IFRS financial measures disclosed by management are provided as additional information to investors in order to provide them with an alternative method for assessing Acacia's financial condition and operating results, and reflects more relevant measures for the industry in which Acacia operates. These measures are not in accordance with, or a substitute for, IFRS, and may be different from or inconsistent with non-IFRS financial measures used by other companies. These measures are explained further below.

Net average realised gold price per ounce sold is a non-IFRS financial measure which excludes from gold revenue:

- Unrealised gains and losses on non-hedge derivative contracts; and

- Export duties

It also includes realised gains and losses on gold hedge contracts reported as part of cost of sales.

Net average realised gold price per ounce sold have been calculated as follow:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (US$000) | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) | 2017 | 2016 |  | 2017 | 2016 |
| Gold revenue | 160,231 | 272,728 |  | 385,859 | 484,614 |
| Less: Realised gold hedge losses | - | - |  | - | - |
| Net gold revenue | 160,231 | 272,728 |  | 385,859 | 484,614 |
| Gold sold (ounces) | 127,694 | 216,782 |  | 312,438 | 400,963 |
| Net average realised gold price (US$/ounce) | 1,255 | 1,258 |  | 1,235 | 1,209 |

Cash cost per ounce sold is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and corporate social responsibility charges. Cash cost is calculated net of co-product revenue. Cash cost per ounce sold is calculated by dividing the aggregate of these costs by total ounces sold.

The presentation of these statistics in this manner allows Acacia to monitor and manage those factors that impact production costs on a monthly basis. Cash costs and cash cost per ounce sold are calculated on a consistent basis for the periods presented.

The table below provides a reconciliation between cost of sales and total cash cost to calculate the cash cost per ounce sold.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (US$'000) |  |  | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) |  |  | 2017 | 2016 |  | 2017 | 2016 |
| Total cost of sales |  |  | 94,571 | 183,539 |  | 243,967 | 355,439 |
| Deduct: depreciation and amortisation\* |  |  | (23,417) | (43,166) |  | (57,959) | (78,376) |
| Deduct: Co-product revenue |  |  | 2,468 | (11,309) |  | (5,805) | (20,333) |
| Total cash cost |  |  | 73,622 | 129,064 |  | 180,203 | 256,730 |
|  |  |  |  |  |  |  |  |
| Total ounces sold |  |  | 127,694 | 216,782 |  | 312,438 | 400,963 |
| Total cash cost per ounce sold |  |  | 577 | 595 |  | 577 | 640 |

\* Depreciation and amortisation includes the depreciation component of the cost of inventory sold

All-in sustaining cost (AISC) is a non-IFRS financial measure. The measure is in accordance with the World Gold Council's guidance issued in June 2013. It is calculated by taking cash cost per ounce sold and adding corporate administration costs, share-based payments, reclamation and remediation costs for operating mines, corporate social responsibility expenses, mine exploration and study costs, realised gains and/or losses on operating hedges, capitalised stripping and underground development costs and sustaining capital expenditure. This is then divided by the total ounces sold. A reconciliation between cash cost per ounce sold and AISC for the key business segments is presented below:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (Unaudited) | Three months ended 30 June 2017 |  | Three months ended 30 June 2016 |  |  |  |  |  |  |
| (US$/oz sold) | Bulyanhulu | North Mara | Buzwagi | Group\* |  | Bulyanhulu | North Mara | Buzwagi | Group\* |
| Cash cost per ounce sold | 813 | 476 | 705 | 577 |  | 662 | 382 | 948 | 595 |
| Corporate administration | 44 | 21 | 81 | 46 |  | 16 | 17 | 23 | 21 |
| Share based payments | (38) | (13) | (78) | (143) |  | 15 | 8 | 14 | 72 |
| Rehabilitation | 23 | 10 | 11 | 13 |  | 8 | 9 | 2 | 7 |
| CSR expenses | 9 | 10 | (3) | 12 |  | 7 | 7 | 6 | 8 |
| Capitalised development | 547 | 184 | - | 239 |  | 195 | 203 | - | 160 |
| Sustaining capital | 160 | 70 | 46 | 91 |  | 55 | 81 | 26 | 63 |
| Total AISC | 1,558 | 758 | 762 | 835 |  | 958 | 707 | 1,019 | 926 |

\* The group total includes a credit of US$95/oz of unallocated corporate related costs in Q2 2017, and a cost of US$66/oz in Q2 2016.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (Unaudited) | Six months ended 30 June 2017 |  | Six months ended 30 June 2016 |  |  |  |  |  |  |
| (US$/oz sold) | Bulyanhulu | North Mara | Buzwagi | Group\* |  | Bulyanhulu | North Mara | Buzwagi | Group\* |
| Cash cost per ounce sold | 795 | 441 | 697 | 577 |  | 661 | 427 | 1,052 | 640 |
| Corporate administration | 36 | 23 | 48 | 40 |  | 21 | 24 | 25 | 24 |
| Share based payments | (4) | (2) | (6) | (25) |  | 11 | 7 | 11 | 49 |
| Rehabilitation | 16 | 10 | 7 | 11 |  | 7 | 9 | 3 | 7 |
| CSR expenses | 8 | 8 | 7 | 12 |  | 5 | 11 | 7 | 12 |
| Capitalised development | 382 | 187 | - | 206 |  | 189 | 183 | 0 | 148 |
| Sustaining capital | 107 | 69 | 17 | 72 |  | 76 | 59 | 26 | 61 |
| Total AISC | 1,340 | 736 | 770 | 893 |  | 970 | 720 | 1,124 | 941 |

\* The group total includes a credit of US$5/oz of unallocated corporate related costs in H1 2017, and a cost of US$46/oz in H1 2016.

AISC is intended to provide additional information on the total sustaining cost for each ounce sold, taking into account expenditure incurred in addition to direct mining costs and selling costs.

Cash cost per tonne milled is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, co-product credits, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and corporate social responsibility charges. Cash cost is calculated net of co-product revenue. Cash cost per tonne milled is calculated by dividing the aggregate of these costs by total tonnes milled.

EBITDA is a non-IFRS financial measure. Acacia calculates EBITDA as net profit or loss for the period excluding:

Income tax expense;Finance expense;Finance income;Depreciation and amortisation; andImpairment charges of goodwill and other long-lived assets.

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

A reconciliation between net profit for the period and EBITDA is presented below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (US$000) | Three months ended 30 June |  | Six months ended 30 June |  |  |
| (Unaudited) | 2017 | 2016 |  | 2017 | 2016 |
| Net profit/(loss) for the period | 35,716 | 46,282 |  | 62,543 | (6,128) |
| Plus income tax expense/(credit) | 17,819 | 27,567 |  | 37,002 | 107,744 |
| Plus depreciation and amortisation | 23,417 | 43,166 |  | 57,959 | 78,376 |
| Plus finance expense | 3,216 | 2,514 |  | 5,454 | 5,380 |
| Less finance income | (946) | (197) |  | (1,543) | (490) |
| EBITDA | 79,222 | 119,332 |  | 161,415 | 184,882 |

\*Depreciation and amortisation includes the depreciation component of the cost of inventory sold.

Adjusted EBITDA is a non-IFRS financial measure. It is calculated by excluding one-off costs or credits relating to non-routine transactions from EBITDA. It excludes other credits and charges that, individually or in aggregate, if of a similar type, are of a nature or size that requires explanation in order to provide additional insight into the underlying business performance. EBITDA is adjusted for items (a) to (c) as contained in the reconciliation to adjusted net earnings below.

EBIT is a non-IFRS financial measure and reflects EBITDA adjusted for depreciation and amortisation and goodwill impairment charges.

Adjusted net earnings is a non-IFRS financial measure. It is calculated by excluding certain costs or credits relating to non-routine transactions from net profit attributed to owners of the parent. It includes other credit and charges that, individually or in aggregate, if of a similar type, are of a nature or size that requires explanation in order to provide additional insight into the underlying business performance.

Adjusted net earnings and adjusted earnings per share have been calculated as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (US$000) | Three months ended 30 June |  | Six months ended 30 June |  |  |
|  |  |  |  |  |  |
| (Unaudited) | 2017 | 2016 |  | 2017 | 2016 |
| Net earnings/(loss) | 35,716 | 46,282 |  | 62,543 | (6,128) |
| Adjusted for: |  |  |  |  |  |
| Restructuring cost (a) | 2,477 | 1,264 |  | 3,304 | 2,125 |
| Discounting of indirect taxes (b) | - | (6,508) |  | - | (6,508) |
| One-off legal settlements (c) | 1,500 | - |  | 1,500 | - |
| Prior year tax positions recognised 1 | - | - |  | - | 69,916 |
| Tax impact of the above | (1,193) | (379) |  | (1,441) | (638) |
| Adjusted net earnings | 38,500 | 40,659 |  | 65,906 | 58,767 |

1 For the Six months ended 30 June 2016, US$69.9 million represents a provision raised for the implied impact of an adverse tax ruling made by the Tanzanian Court of Appeal with respect to historical tax assessments of Bulyanhulu. As reported in Q1 2016, the impact of the ruling was calculated for Bulyanhulu and extrapolated to North Mara and Tulawaka as well and covers results up to the end of 2015. On a site basis, US$35.1 million was raised for Bulyanhulu, US$30.4 million for North Mara and US$4.4 million for Tulawaka.

Adjusted net earnings per share is a non-IFRS financial measure and is calculated by dividing adjusted net earnings by the weighted average number of Ordinary Shares in issue.

Free cash flow is a non-IFRS measure and represents the change in cash and cash equivalents in a given period.

Net cash is a non-IFRS measure. It is calculated by deducting total borrowings from cash and cash equivalents.

Mining statistical information

The following describes certain line items used in the Acacia Group's discussion of key performance indicators:

Open pit material mined - measures in tonnes the total amount of open pit ore and waste mined.Underground ore tonnes hoisted - measures in tonnes the total amount of underground ore mined and hoisted.Underground ore tonnes trammed - measures in tonnes the total amount of underground ore mined and trammed.Total tonnes mined includes open pit material plus underground ore tonnes hoisted.Strip ratio - measures the ratio of waste?to?ore for open pit material mined.Ore milled - measures in tonnes the amount of ore material processed through the mill.Head grade - measures the metal content of mined ore going into a mill for processing.Milled recovery - measures the proportion of valuable metal physically recovered in the processing of ore. It is generally stated as a percentage of the metal recovered compared to the total metal originally present.

Risk Review

We have made a number of further developments in the identification and management of our risk profile over the course of H1 2017. Where appropriate, risk ratings have been reviewed against risk management controls and other mitigating factors. Our principal risks continue to fall within four broad categories: ***strategic*** risks, financial risks, external risks and operational risks. Whilst the overall makeup of our principal risks has not significantly changed from that published in the 2016 Annual Report, there have been changes in certain risk profiles. Developments such as the ban on the export of gold/copper concentrate and the recent enacting of Tanzanian legislation relating to the legal and regulatory framework governing the natural resources sector have resulted in increases to the impact rating of certain risks.

As a result of our mid-year assessment, at this stage we believe it appropriate to include a new risk as a principal risk for the remainder of 2017 relating to cyber security. The likelihood of this risk has increased in the light of the increase in cybersecurity related incidents on a global level and the potential impact that a cyber security incident could have on the availability and integrity of our information technology infrastructure.

As a result of the risk review outlined above, we view our principal risks for the remainder of 2017 as relating to the following:

·               Political, legal and regulatory developments

·               Security, trespass and vandalism

·               Single country risk

·               Implementation of enhanced operational systems

·               Safety risks relating to mining operations

·               Equipment effectiveness

·               Environmental hazards and rehabilitation

·               Continuity of power supply

·               Significant changes to commodity prices

·               Cyber security

Further details as regards our Principal Risks and Uncertainties and risk assessments conducted in respect thereof will be provided as part of the 2017 Annual Report and Accounts.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge, the condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union. The half-year management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; andmaterial related-party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report.

The Directors of Acacia Mining plc are listed in the Acacia Mining plc Annual Report for 31 December 2016, save for Mr Peter Tomsett and Ambassador Juma Mwapachu. A list of current Directors is maintained on the Acacia Mining plc Group website:[*http://www.acaciamining.com*](http://www.acaciamining.com).

On behalf of the Board

|  |  |
| --- | --- |
| Brad Gordon, Chief Executive Officer | Kelvin Dushnisky, Chairman |

Independent review report to Acacia Mining plc

Report on the condensed consolidated interim financial information

Our conclusion

We have reviewed Acacia Mining plc's condensed consolidated interim financial information (the "interim financial statements") in the interim results of Acacia Mining plc for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Emphasis of Matter - Impact of mineral concentrate export ban and legislative changes in Tanzania

In forming our conclusion on the interim financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the Interim financial statements and additional commentary within the Interim announcement concerning the ongoing mineral concentrate export ban and legislative changes in Tanzania. With regards to a potential negotiated settlement of the matter, it is too early to reliably estimate how a resolution could impact the Group's financial position, assets, liabilities and future cash flows. As a consequence, these conditions, along with the other matters explained in note 2 to the interim financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have reviewed

The interim financial statements comprise:

the consolidated balance sheet as at 30 June 2017;the consolidated income statement and consolidated statement of comprehensive income for the period then ended;the consolidated statement of cash flows for the period then ended;the consolidated statement of changes in equity for the period then ended; andthe explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose.  We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

London

21 July 2017

The maintenance and integrity of the Acacia Mining plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed Financial Information

Consolidated income statement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | For the six months ended 30 June | For the year ended 31 December |  |
|  |  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | Notes | 2017 | 2016 | 2016 |
|  |  |  |  |  |
| Revenue |  | 391,664 | 504,947 | 1,053,532 |
| Cost of sales |  | (243,967) | (355,439) | (727,080) |
| Gross profit |  | 147,697 | 149,508 | 326,452 |
| Corporate administration |  | (12,520) | (9,771) | (21,895) |
| Share-based payments |  | 7,785 | (19,635) | (29,929) |
| Exploration and evaluation costs |  | (16,150) | (11,150) | (24,020) |
| Corporate social responsibility expenses |  | (3,739) | (4,614) | (10,665) |
| Other (charges)/income | 7 | (19,617) | 2,168 | 11,649 |
| Profit/ (loss) before net finance expense and taxation |  | 103,456 | 106,506 | 251,592 |
| Finance income | 8 | 1,543 | 490 | 1,512 |
| Finance expense | 8 | (5,454) | (5,380) | (11,047) |
| Profit/ (loss) before taxation |  | 99,545 | 101,616 | 242,057 |
| Tax expense | 9 | (37,002) | (107,744) | (147,113) |
|  |  |  |  |  |
| Net (loss)/ profit for the period |  | 62,543 | (6,128) | 94,944 |
|  |  |  |  |  |
| (Loss)/ earnings per share (cents): |  |  |  |  |
| Basic (loss)/ earnings per share (cents) | 10 | 15.3 | (1.5) | 23.2 |
| Diluted (loss)/ earnings per share (cents) | 10 | 15.2 | (1.5) | 23.1 |

The notes on pages 41 to 58 are an integral part of this financial information.

Consolidated statement of comprehensive income

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | For the six months ended 30 June | For the year ended 31 December |  |
|  |  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) |  | 2017 | 2016 | 2016 |
| Net (loss)/ profit for the period |  | 62,543 | (6,128) | 94,944 |
| Other comprehensive income: |  |  |  |  |
| Items that may be subsequently reclassified to profit or loss: |  |  |  |  |
| Changes in fair value of cash flow hedges |  | 52 | (1,226) | 7 |
| Total comprehensive (loss)/ income for the period |  | 62,595 | (7,354) | 94,951 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

The notes on pages 41 to 58 are an integral part of this financial information.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Consolidated balance sheet |  | As at  30 June (Unaudited) | As at  30 June (Unaudited) | As at  31 December (Audited) |
| (US$'000) | Notes | 2017 | 2016 | 2016 |
| ASSETS |  |  |  |  |
| Non-current assets |  |  |  |  |
| Goodwill and intangible assets |  | 216,190 | 211,190 | 216,190 |
| Property, plant and equipment | 12 | 1,465,309 | 1,414,194 | 1,443,176 |
| Deferred tax assets |  | 3,208 | 11,416 | 8,431 |
| Non-current portion of inventory | 14 | 115,775 | 87,050 | 98,936 |
| Derivative financial instruments | 13 | 770 | 129 | 821 |
| Other assets |  | 58,474 | 118,197 | 63,297 |
|  |  | 1,859,726 | 1,842,176 | 1,830,851 |
| Current assets |  |  |  |  |
| Inventories | 14 | 280,692 | 195,657 | 184,313 |
| Trade and other receivables |  | 12,039 | 20,119 | 18,830 |
| Derivative financial instruments | 13 | 601 | 9 | 1,343 |
| Other current assets | 15 | 190,868 | 86,230 | 149,518 |
| Cash and cash equivalents |  | 175,886 | 284,357 | 317,791 |
|  |  | 660,086 | 586,372 | 671,795 |
| Total assets |  | 2,519,812 | 2,428,548 | 2,502,646 |
| EQUITY AND LIABILITIES |  |  |  |  |
| Share capital and share premium |  | 929,199 | 929,199 | 929,199 |
| Other reserves |  | 961,912 | 839,505 | 933,696 |
| Total owners' equity |  | 1,891,111 | 1,768,704 | 1,862,895 |
| Total equity |  | 1,891,111 | 1,768,704 | 1,862,895 |
| Non-current liabilities |  |  |  |  |
| Borrowings | 16 | 56,800 | 85,200 | 71,000 |
| Deferred tax liabilities |  | 148,341 | 138,751 | 148,390 |
| Derivative financial instruments | 13 | 1,068 | 588 | 30 |
| Provisions |  | 147,314 | 147,676 | 145,722 |
| Other non-current liabilities |  | 4,778 | 10,063 | 15,699 |
|  |  | 358,301 | 382,278 | 380,841 |
| Current liabilities |  |  |  |  |
| Trade and other payables |  | 228,942 | 211,852 | 222,543 |
| Borrowings | 16 | 28,400 | 28,400 | 28,400 |
| Derivative financial instruments | 13 | 1,114 | 10,973 | 584 |
| Provisions |  | 9,336 | 1,566 | 7,235 |
| Other current liabilities |  | 2,608 | 24,775 | 148 |
|  |  | 270,400 | 277,566 | 258,910 |
| Total liabilities |  | 628,701 | 659,844 | 639,751 |
| Total equity and liabilities |  | 2,519,812 | 2,428,548 | 2,502,646 |

The notes on pages 41 to 58 are an integral part of this financial information.

Consolidated statement of changes in equity

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Notes | Share capital | Share premium | Other distributable reserve | Cash flow hedging reserve |
| (US$'000) |  |  |  |  |  |
| Balance at 31 December 2015 (Audited) |  | 62,097 | 867,102 | 1,368,713 | 552 |
| Total comprehensive loss for the period |  | - | - | - | (1,226) |
| Dividends to equity holders of the Company |  | - | - | - | - |
| Share option grants |  | - | - | - | - |
| Balance at 30 June 2016 (Unaudited) |  | 62,097 | 867,102 | 1,368,713 | (674) |
| Total comprehensive income for the period |  | - | - | - | 1,233 |
| Share option grants |  | - | - | - | - |
| Dividends to equity holders of the Company |  | - | - | - | - |
| Balance at 31 December 2016 (Audited) |  | 62,097 | 867,102 | 1,368,713 | 559 |
| Total comprehensive loss for the period |  | - | - | - | 52 |
| Dividends to equity holders of the Company | 11 | - | - | - | - |
| Share option grants |  |  |  |  |  |
| Balance at 30 June 2017 (Unaudited) |  | 62,097 | 867,102 | 1,368,713 | 611 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Share option reserve | Accumulated losses | Total owners' equity | Total non- controlling interests | Total equity |
| (US$'000) |  |  |  |  |  |
| Balance at 31 December 2015 (Audited) | 3,876 | (514,841) | 1,787,499 | - | 1,787,499 |
| Total comprehensive loss for the period | - | (6,128) | (7,354) | - | (7,354) |
| Dividends to equity holders of the Company | - | (11,490) | (11,490) | - | (11,490) |
| Share option grants | 49 | - | 49 | - | 49 |
| Balance at 30 June 2016 (Unaudited) | 3,925 | (532,459) | 1,768,704 | - | 1,768,704 |
| Total comprehensive income for the period | - | 101,072 | 102,305 | - | 102,305 |
| Share option grants | 28 | - | 28 | - | 28 |
| Dividends to equity holders of the Company | - | (8,142) | (8,142) | - | (8,142) |
| Balance at 31 December 2016 (Audited) | 3,953 | (439,529) | 1,862,895 | - | 1,862,895 |
| Total comprehensive loss for the period | - | 62,543 | 62,595 | - | 62,595 |
| Dividends to equity holders of the Company | - | (34,385) | (34,385) | - | (34,385) |
| Share option grants | 6 |  | 6 |  | 6 |
| Balance at 30 June 2017 (Unaudited) | 3,959 | (411,371) | 1,891,111 | - | 1,891,111 |

The notes on pages 41 to 58 are an integral part of this financial information.

Consolidated statement of cash flows

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | For the six months ended  30 June | For the year ended  31 December |  |
| (US$'000) | Notes | (Unaudited)  2017 | (Unaudited)  2016 | (Audited)  2016 |
| Cash flows from operating activities |  |  |  |  |
| Net (loss)/ profit for the period |  | 62,543 | (6,128) | 94,944 |
| Adjustments for: |  |  |  |  |
| Tax expense |  | 37,002 | 107,744 | 147,113 |
| Depreciation and amortisation |  | 69,722 | 79,367 | 156,301 |
| Finance items |  | 3,911 | 4,890 | 9,535 |
| Sale of mineral royalty |  | (1,753) | - | - |
| Loss/ (profit) on disposal of property, plant and equipment |  | - | 136 | (289) |
| Working capital adjustments | 17 | (159,697) | (16,306) | (58,497) |
| Other non-cash items | 17 | (8,209) | (8,952) | (23,850) |
| Cash generated from operations before interest and tax |  | 3,519 | 160,751 | 325,257 |
| Finance income |  | 1,543 | 490 | 1,512 |
| Finance expenses |  | (3,747) | (4,145) | (8,793) |
| Net cash generated by operating activities |  | 1,315 | 157,096 | 317,976 |
|  |  |  |  |  |
| Cash flows used in investing activities |  |  |  |  |
| Purchase of property, plant and equipment |  | (100,064) | (82,606) | (193,643) |
| Movement in other assets |  | 3,746 | 2,529 | 6,952 |
| Proceeds from sale of mineral royalty |  | 1,753 | - | - |
| Acquired mineral interest |  | - | - | (5,000) |
| Other investing activities |  | (221) | (195) | 6,528 |
| Net cash used in investing activities |  | (94,786) | (80,272) | (185,163) |
|  |  |  |  |  |
| Cash flows used in financing activities |  |  |  |  |
| Loans paid |  | (14,200) | (14,200) | (28,400) |
| Dividends paid |  | (34,385) | (11,490) | (19,632) |
| Net cash used in financing activities |  | (48,585) | (25,690) | (48,032) |
|  |  |  |  |  |
| Net increase/ (decrease) in cash and cash equivalents |  | (142,056) | 51,134 | 84,781 |
| Net foreign exchange difference |  | 151 | (45) | (258) |
| Cash and cash equivalents at the beginning of the period |  | 317,791 | 233,268 | 233,268 |
| Cash and cash equivalents at the end of the period |  | 175,886 | 284,357 | 317,791 |
|  |  |  |  |  |

The notes on pages 41 to 58 are an integral part of this financial information.

Notes to the condensed financial information

1. General Information

Acacia Mining plc, formerly African Barrick Gold plc (the "Company", "Acacia" or collectively with its subsidiaries the "Group") was incorporated on 12 January 2010 and re-registered as a public limited company on 12 March 2010 under the Companies Act 2006. It is registered in England and Wales with registered number 7123187.

On 24 March 2010 the Company's shares were admitted to the Official List of the United Kingdom Listing Authority ("UKLA") and to trading on the Main Market of the London Stock Exchange, hereafter referred to as the Initial Public Offering ("IPO"). The address of its registered office is No.1 Cavendish Place, London, W1G 0QF.

Barrick Gold Corporation ("Barrick") currently owns approximately 63.9% of the shares of the Company and is the ultimate parent and controlling party of the Group. The financial statements of Barrick can be obtained from[*http://www.barrick.com*](http://www.barrick.com).

The condensed consolidated interim financial information for the six months ended 30 June 2017 was approved for issue by the Board of Directors of the Company on 21 July 2017. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 7 March 2017 and delivered to the Registrar of Companies. The report of the auditors' on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The condensed consolidated interim financial information has been reviewed, not audited. The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2008.

The Group's primary business is the mining, processing and sale of gold. The Group has three operating mines located in Tanzania. The Group also has a portfolio of exploration projects located across Africa.

2. Basis of Preparation of the condensed interim financial information

The condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS as adopted by the European Union. The condensed consolidated interim financial information has been prepared under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The financial information is presented in US dollars (US$) and all monetary results are rounded to the nearest thousand (US$'000) except when otherwise indicated.

Acacia Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the operational and financial review sections of this interim results release. The financial position of the Acacia Group, its cash flows, liquidity position and borrowing facilities are described in the operating and financial review sections of this interim results release.

At 30 June 2017, the Group had cash and cash equivalents of US$176 million with a further US$150 million available under the undrawn revolving credit facility which remains in place until November 2019. Total borrowings at the end of the period amounted to US$85 million, of which US$28 million will be paid in the next 12 months. Included in other current assets are amounts due to the Group relating to indirect taxes of US$165 million which are expected to be received or recovered within 12 months. The refunds remain dependent on processing and payments of refunds by the Government of Tanzania. Furthermore, included in working capital is finished gold contained in concentrate of approximately 127,000 ounces, approximately 8.3 million pounds of copper contained in concentrate and approximately 107,000 ounces of silver contained in concentrate. These contained metals are in a condition to be sold, and will deliver revenue, net of government royalties, of approximately US$163 million.

As set out in the other developments section on pages 2 to 5 and further explained in the operating and financial review sections, the current operating environment in Tanzania is challenging and there are several uncertainties in our operating environment. In March 2017, the Government of Tanzania issued a ban on the export of all gold/ copper concentrate and this ban remains in place. This has resulted in the stockpiled concentrate material referred to above. Currently, it is not clear how long this ban will remain in place. In addition, and as set out in the same paragraphs in the other developments section on pages 2 to 5 the Government of Tanzania has also announced some significant changes to the laws impacting the extractive industry in late June 2017, which have subsequently been passed in early July 2017.

The Directors are of the opinion that these developments and current circumstances represent ongoing challenges in terms of cash flow generation and continued uninterrupted operation of the Bulyanhulu and Buzwagi mines. Our third mine, North Mara, continues to perform well and to generate free cash flow.

As explained in the other developments section, the Group has served notices of Arbitration relating to its Bulyanhulu and Buzwagi mines under their respective Mineral Development Agreements. In addition, we also believe that our Mineral Development Agreements protect us from the legislative changes proposed. Notwithstanding these developments, we continue to believe that a negotiated settlement of these differences with the Tanzanian Government remains in the best interests of all parties and we look forward to discussions commencing in the near future. As negotiations are yet to commence the impact of a settlement on the Group's financial position, assets, liabilities and future cash flows is uncertain. At the same time, management has instituted measures to limit unnecessary expenditure and preserve cash, and are considering a range of options to limit the impact of the above factors; amongst others to consider halting operations at the affected mines should it be needed.

In assessing the Acacia Group's going concern status the Directors have taken into account the impact of the ban on ongoing operations as well as the following factors and assumptions; the significant current cash position,  the latest mine ***plans*** and a range of scenarios around the various options under these circumstances, including the impact of an extended concentrate export ban or the impact of halting the affected mines for a period of time, the current gold and copper prices and market expectations for the same in the medium term, and Acacia Group's capital expenditure and financing ***plans***. In addition the Directors have assumed that the Group will repay its borrowing obligations in accordance with the current terms of its agreement, and that undrawn facilities continue to be available.  After making appropriate enquiries and considering the uncertainties described above, the Directors consider that it is appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial information however have concluded that the combination of these circumstances represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern should the assumptions referred to above prove not to be correct.

3. Accounting Policies

The accounting policies adopted are consistent with those used in the Acacia Mining plc annual financial statements for the year ended 31 December 2016. There are no new standards, interpretations or amendments to standards issued and effective for the period which materially impacted on the Group. The following exchange rates to the US dollar have been applied:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | As at  30 June  2016 | Average  six months ended  30 June  2016 | As at  30 June  2016 | Average  six months ended  30 June  2016 | As at  31 December  2016 | Average  year ended  31 December  2016 |
| South African rand (US$:ZAR) | 13.09 | 13.20 | 14.78 | 15.40 | 13.70 | 14.66 |
| Tanzanian shilling (US$:TZS) | 2,230 | 2,224 | 2,179 | 2,179 | 2,173 | 2,177 |
| Australian dollars (US$:AUD) | 1.30 | 1.33 | 1.35 | 1.36 | 1.38 | 1.34 |
| UK pound (US$:GBP) | 0.59 | 0.79 | 0.76 | 0.70 | 0.81 | 0.74 |

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5. Segment Reporting

The Group has only one primary product ***produced*** in a single geographic location, being gold ***produced*** in Tanzania. In addition the Group ***produces*** copper and silver as a co-product. Reportable operating segments are based on the internal reports provided to the Chief Operating Decision Maker ("CODM") to evaluate segment performance, decide how to allocate resources and make other operating decisions. After applying the aggregation criteria and quantitative thresholds contained in IFRS 8, the Group's reportable operating segments were determined to be: North Mara gold mine; Bulyanhulu gold mine; Buzwagi gold mine; a separate Corporate and Exploration segment, which primarily consists of costs related to other charges and corporate social responsibility expenses.

Segment results and carrying values include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Segment carrying values are disclosed and calculated as shareholders equity after adding back debt and intercompany liabilities, and subtracting cash and intercompany assets. Capital expenditures comprise of additions to property, plant and equipment. The Group has also included segment cash costs and all-in sustaining cost per ounce sold.

Segment information for the reportable operating segments of the Group for the periods ended 30 June 2017, 30 June 2016 and 31 December 2016 is set out below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | For the six months ended 30 June 2017 |  |  |  |  |  |
| (Unaudited)  (US$'000,except per ounce amounts) | North Mara | Bulyanhulu | Buzwagi | Other | Total |  |
| Gold revenue | 220,217 | 100,023 | 65,619 | - | 385,859 |  |
| Co-product revenue | 653 | 2,760 | 2,392 | - | 5,805 |  |
| Total segment revenue | 220,870 | 102,783 | 68,011 | - | 391,664 |  |
| Segment cash operating cost1 | (79,251) | (67,344) | (39,413) | 0 | (186,008) |  |
| Corporate administration and exploration | (4,181) | (2,937) | (2,559) | (18,992) | (28,669) |  |
| Other charges and corporate social responsibility expenses | (3,843) | (902) | (6,099) | (4,728) | (15,572) |  |
| EBITDA2 | 133,595 | 31,600 | 19,940 | (23,720) | 161,415 |  |
| Depreciation and amortisation4 | (29,009) | (26,940) | (1,777) | (233) | (57,959) |  |
| EBIT2 | 104,586 | 4,660 | 18,163 | (23,953) | 103,456 |  |
| Finance income |  |  |  |  | 1,543 |  |
| Finance expense |  |  |  |  | (5,454) |  |
| Profit before taxation |  |  |  |  | 99,545 |  |
| Tax expense |  |  |  |  | (37,002) |  |
| Net profit for the period |  |  |  |  | 62,543 |  |
| Capital expenditure: |  |  |  |  |  |  |
| Sustaining | 10,930 | 8,599 | 865 | 957 | 21,351 |  |
| Expansionary | 4,489 | 982 | - | 51 | 5,522 |  |
| Capitalised development | 33,282 | 31,054 | - | - | 64,336 |  |
|  | 48,701 | 40,635 | 865 | 1,008 | 91,209 |  |
| Non-cash capital expenditure adjustments |  |  |  |  |  |  |
| Reclamation asset adjustment | (56) | 191 | (1) | - | 134 |  |
| Other non-cash capital expenditure | - | - | - | (1) | (1) |  |
| Total capital expenditure | 48,645 | 40,826 | 864 | 1,007 | 91,342 |  |
| Segmental cash operating cost | 79,251 | 67,344 | 39,413 | - | 186,008 |  |
| Deduct: co-product revenue | (654) | (2,760) | (2,392) | - | (5,806) |  |
| Total cash costs | 78,597 | 64,584 | 37,021 | - | 180,202 |  |
| Sold ounces | 178,130 | 81,214 | 53,094 | - | 312,438 |  |
| Cash cost per ounce sold2 | 441 | 795 | 697 |  | 577 |  |
| Corporate administration charges | 23 | 36 | 48 | 9 | 40 |  |
| Share-based payments | (2) | (4) | (6) | (22) | (25) |  |
| Rehabilitation - accretion and depreciation | 10 | 16 | 7 | - | 11 |  |
| Corporate social responsibility expenses | 8 | 8 | 7 | 4 | 12 |  |
| Capitalised stripping/ UG development | 187 | 382 | - | - | 206 |  |
| Sustaining capital expenditure | 69 | 107 | 17 | 3 | 72 |  |
| All-in sustaining cost per ounce sold2 | 736 | 1,340 | 770 | (6) | 893 |  |
| Segment carrying value3 | 294,744 | 1,281,208 | 142,280 | 97,233 | 1,815,465 |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | For the six months ended 30 June 2016 |  |  |  |  |  |
| (Unaudited)  (US$'000,except per ounce amounts) | North Mara | Bulyanhulu | Buzwagi | Other | Total |  |
| Gold revenue | 203,788 | 182,872 | 97,954 | - | 484,614 |  |
| Co-product revenue | 366 | 8,188 | 11,779 | - | 20,333 |  |
| Total segment revenue | 204,154 | 191,060 | 109,733 | - | 504,947 |  |
| Segment cash operating cost1 | (72,895) | (107,842) | (96,326) | - | (277,063) |  |
| Corporate administration and exploration | (5,443) | (6,273) | (2,847) | (25,993) | (40,556) |  |
| Other charges and corporate social responsibility expenses | 3,158 | (2,651) | (1,725) | (1,228) | (2,446) |  |
| EBITDA2 | 128,974 | 74,294 | 8,835 | (27,221) | 184,882 |  |
| Depreciation and amortisation4 | (29,346) | (41,107) | (6,869) | (1,054) | (78,376) |  |
| EBIT2 | 99,628 | 33,187 | 1,966 | (28,275) | 106,506 |  |
| Finance income |  |  |  |  | 490 |  |
| Finance expense |  |  |  |  | (5,380) |  |
| Profit before taxation |  |  |  |  | 101,616 |  |
| Tax expense |  |  |  |  | (107,744) |  |
| Net loss for the period |  |  |  |  | (6,128) |  |
|  |  |  |  |  |  |  |
| Capital expenditure: |  |  |  |  |  |  |
| Sustaining | 7,257 | 11,506 | 2,231 | 654 | 21,648 |  |
| Expansionary | 458 | 753 | - | - | 1,211 |  |
| Capitalised development | 31,051 | 28,438 | - | - | 59,489 |  |
|  | 38,766 | 40,697 | 2,231 | 654 | 82,348 |  |
| Non-cash capital expenditure adjustments |  |  |  |  |  |  |
| Reclamation asset adjustment | 6,252 | 9,937 | 3,007 | - | 19,196 |  |
| Total capital expenditure | 45,018 | 50,634 | 5,238 | 654 | 101,544 |  |
|  |  |  |  |  |  |  |
| Segmental cash operating cost | 72,895 | 107,842 | 96,326 |  | 277,063 |  |
| Deduct: co-product revenue | (366) | (8,188) | (11,779) |  | (20,333) |  |
| Total cash costs | 72,529 | 99,654 | 84,547 |  | 256,730 |  |
| Sold ounces | 169,840 | 150,719 | 80,404 |  | 400,963 |  |
| Cash cost per ounce sold2 | 427 | 661 | 1,052 |  | 640 |  |
| Corporate administration charges | 24 | 21 | 25 |  | 24 |  |
| Share-based payments | 7 | 11 | 11 |  | 49 |  |
| Rehabilitation - accretion and depreciation | 9 | 7 | 3 |  | 7 |  |
| Corporate social responsibility expenses | 11 | 5 | 7 |  | 12 |  |
| Capitalised stripping/ UG development | 183 | 189 | - |  | 148 |  |
| Sustaining capital expenditure | 59 | 76 | 26 |  | 61 |  |
| All-in sustaining cost per ounce sold2 | 720 | 970 | 1,124 |  | 941 |  |
|  |  |  |  |  |  |  |
| Segment carrying value3 | 262,260 | 1,214,729 | 71,676 | 62,764 | 1,611,429 |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | For the year ended 31 December 2016 |  |  |  |  |  |
| (Audited)  (US$'000,except per ounce amounts) | North Mara | Bulyanhulu | Buzwagi | Other | Total |  |
| Gold revenue | 468,340 | 345,481 | 200,648 | - | 1,014,469 |  |
| Co-product revenue | 953 | 15,447 | 22,663 | - | 39,063 |  |
| Total segment revenue | 469,293 | 360,928 | 223,311 | - | 1,053,532 |  |
| Segment cash operating cost1 | (155,344) | (217,226) | (188,896) | - | (561,466) |  |
| Corporate administration and exploration | (8,251) | (9,507) | (4,176) | (23,191) | (45,915) |  |
| Other charges and corporate social responsibility expenses | (2,918) | (3,960) | (3,011) | (20,874) | (30,763) |  |
| EBITDA2 | 302,780 | 130,235 | 27,228 | (44,855) | 415,388 |  |
| Impairment charges | - | - | - | - | - |  |
| Depreciation and amortisation4 | (67,472) | (82,022) | (12,668) | (1,634) | (163,796) |  |
| EBIT2 | 235,308 | 48,213 | 14,560 | (46,489) | 251,592 |  |
| Finance income |  |  |  |  | 1,512 |  |
| Finance expense |  |  |  |  | (11,047) |  |
| Loss before taxation |  |  |  |  | 242,057 |  |
| Tax expense |  |  |  |  | (147,113) |  |
| Net profit for the year |  |  |  |  | 94,944 |  |
|  |  |  |  |  |  |  |
| Capital expenditure: |  |  |  |  |  |  |
| Sustaining | 23,558 | 20,231 | 3,582 | 1,416 | 48,787 |  |
| Expansionary | 2,399 | 1,262 | - | - | 3,661 |  |
| Capitalised development | 75,609 | 63,082 | - | - | 138,691 |  |
|  | 101,566 | 84,575 | 3,582 | 1,416 | 191,139 |  |
| Non-cash capital expenditure adjustments |  |  |  |  |  |  |
| Reclamation asset adjustment | 6,703 | 10,728 | 4,524 | - | 21,955 |  |
| Total capital expenditure | 108,269 | 95,303 | 8,106 | 1,416 | 213,094 |  |
|  |  |  |  |  |  |  |
| Segmental cash operating cost | 155,344 | 217,226 | 188,896 |  | 561,466 |  |
| Deduct: co-product revenue | (953) | (15,447) | (22,663) |  | (39,063) |  |
| Total cash costs | 154,391 | 201,779 | 166,233 |  | 522,403 |  |
| Sold ounces | 376,255 | 279,286 | 161,202 |  | 816,743 |  |
| Cash cost per ounce sold2 | 410 | 722 | 1,031 |  | 640 |  |
| Corporate administration charges | 21 | 21 | 26 |  | 27 |  |
| Share-based payments | 2 | 2 | 3 |  | 37 |  |
| Rehabilitation - accretion and depreciation | 9 | 7 | 3 |  | 7 |  |
| Corporate social responsibility expenses | 15 | 6 | 10 |  | 13 |  |
| Capitalised stripping/ UG development | 201 | 226 | - |  | 170 |  |
| Sustaining capital expenditure | 75 | 74 | 22 |  | 64 |  |
| All-in sustaining cost per ounce sold2 | 733 | 1,058 | 1,095 |  | 958 |  |
|  |  |  |  |  |  |  |
| Segment carrying value3 | 246,175 | 1,231,793 | 97,243 | 82,710 | 1,657,921 |  |

1   The CODM reviews cash operating costs for the three operating mine sites separately from corporate administration costs and exploration costs. Consequently, the Group has reported these costs in this manner.

2   These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non IFRS measures' on page 28 for definitions.

3   Segment carrying values are calculated as shareholders equity after adding back debt and intercompany liabilities, and subtracting cash and intercompany assets and include outside shareholders' interests.

4   Depreciation and amortisation includes the depreciation component of the cost of inventory sold.

6. Impairment Assessment

In accordance with IAS 36 "Impairment of assets" and IAS 38 "Intangible Assets" a review for impairment of goodwill is undertaken annually, or at any time an indicator of impairment is considered to exist, and in accordance with IAS 16 "Property, plant and equipment" a review for impairment of long-lived assets is undertaken at any time an indicator of impairment is considered to exist.

As previously reported, and as discussed in the other developments and operating and finance reviews of this interim financial results release, the Government of Tanzania announced a ban on the export of gold/copper concentrate in March 2017. Subsequently, during the second quarter two Presidential Committees reported their findings following investigations into the technical and economic aspects of the historic exports of gold/copper concentrates. Acacia fully refutes the implausible findings of both committees which claim that Acacia and its predecessor companies have historically significantly under-declared the contents of exports of concentrate which has led to an under-declaration of taxes running into the tens of billions of dollars. Acacia re-iterates that it has declared everything of commercial value that it has ***produced*** since it started operating in Tanzania and has paid all appropriate royalties and taxes on all of the payable minerals that it has ***produced***. Discussions to find a mutually beneficial solution to these issues are expected to start early in Q3 2017.

The above has had a negative impact on the operating environment of Acacia and the three mines it operates in Tanzania. These changes, in combination with the ban imposed and proposed legislative changes have been identified by management as potential triggers for an impairment assessment.

As a result of the above, a review for impairment of the affected cash generating units ("CGU") has been performed. The review compared the recoverable amount of assets for the CGU to the carrying value of the CGU's including goodwill. The recoverable amount of an asset is assessed by reference to the higher of value in use ("VIU"), being the net present value ("NPV") of future cash flows expected to be generated by the asset, and fair value less costs to dispose ("FVLCD"). The FVLCD of a CGU is based on an estimate of the amount that the Group may obtain in a sale transaction on an arm's length basis. There is no active market for the Group's CGU's. Consequently, FVLCD is derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions. Cost to dispose is based on management's best estimates of future selling costs at the time of calculating FVLCD. Costs attributable to the disposal of a CGU are not considered significant. The expected future cash flows utilised in the NPV model are derived from estimates of projected future revenues, future cash costs of production and capital expenditures contained in the life-of-mine ("LOM") ***plan*** for each CGU. The Group's LOM ***plans*** reflect proven and probable reserves, assume limited resource conversion, and are based on detailed research, analysis and modelling to optimise the internal rate of return for each CGU.

The discount rate applied to calculate the present value is based upon the real weighted average cost of capital applicable to the CGU. The discount rate reflects equity risk premiums over the risk-free rate, the impact of the remaining economic life of the CGU and the risks associated with the relevant cash flows based on the country in which the CGU is located. These risk adjustments are based on observed equity risk premiums, historical country risk premiums and average credit default swap spreads for the period.

The key economic assumptions used in the reviews during 2017 and 2016 were:

|  |  |  |
| --- | --- | --- |
|  | For the 6 months ended  30 June | For the year ended  31 December |
|  | 2017 | 2016 |
| Gold price per ounce (2017) | US$1,200 | US$1,200 |
| Gold price per ounce(Long term) | US$1,200 | US$1,200 |
| Copper price per pound | US$2.50 | US$2.25 |
| South African Rand (US$:ZAR) | 14 | 14 |
| Tanzanian Shilling (US$:TZS) | 2,100 | 2,150 |
| Long-term oil price per barrel | US$60 | US$60 |
| Discount rate | 5% | 5% |
| NPV multiples | 1 | 1 |

|  |  |
| --- | --- |
|  |  |

Our assessment took into account the impact of the current ban on the export of gold/ copper concentrate as well as the increased royalty rate and export clearing fees announced in June 2017 on cash flows generated by each affected CGU.

As a result of the impairment assessment performed, no impairment charge was recorded for the six months ended 30 June 2017.

For purposes of testing for impairment of long-lived assets, we have assessed whether a reasonably possible change in any of the key assumptions used to estimate the recoverable value for CGUs would result in an impairment charge.

Management's view is that the recoverable values are most sensitive to changes in the assumptions around gold prices and discount rates. As a result, sensitivity calculations were performed for these for each of the CGUs. The sensitivity analysis is based on a decrease in the long term gold price of US$100 per ounce, and an increase in the discount rate of 1%.

Neither of the reasonably possible changes set out above would result in an impairment. This sensitivity analysis also does not take into account any of management's mitigation factors should these changes occur.

Our review assumed that negotiations around resolving the current in-country matters are resolved. Should this not be the case, a carrying value assessment review will be performed again, and this might or might not result in the recognition of impairment losses.

7. Other Charges

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the six months ended 30 June | For the year ended  31 December |  |
|  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | 2017 | 2016 | 2016 |
| Other expenses |  |  |  |
| Operational Review costs (including restructuring cost) | 3,304 | 2,125 | 7,689 |
| Foreign exchange losses | 4,583 | - | - |
| Disallowed indirect taxes | 615 | 938 | 1,447 |
| Unrealised non-hedge derivative losses | 2,431 | - | - |
| Legal costs | 4,601 | 667 | 2,641 |
| One off legal settlements | 1,500 | - | - |
| Government levies and charges | 535 | - | - |
| Loss on disposal of property, plant and equipment | - | 136 | - |
| Other | 3,801 | 2,782 | 4,259 |
| Total | 21,370 | 6,648 | 16,036 |
|  |  |  |  |
| Other income |  |  |  |
| Discounting of indirect tax receivables | - | (6,508) | (9,719) |
| Profit on disposal of property, plant and equipment | - | - | (289) |
| Unrealised non-hedge derivative gains | - | (1,352) | (13,031) |
| Insurance proceeds | - | - | (3,455) |
| Foreign exchange gains | - | (956) | (1,137) |
| Sale of mineral royalty | (1,753) | - | - |
| Other | - | - | (54) |
| Total | (1,753) | (8,816) | (27,685) |
|  |  |  |  |
| Total other income/(charges) | 19,617 | (2,168) | (11,649) |

8. Finance Income and Expenses

a)Finance income

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the six months ended 30 June | For the year ended  31 December |  |
|  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | 2017 | 2016 | 2016 |
| Interest on time deposits | 1,443 | 403 | 1,236 |
| Other | 100 | 87 | 276 |
| Total | 1,543 | 490 | 1,512 |

b) Finance expense

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the six months ended 30 June | For the year ended  31 December |  |
|  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | 2017 | 2016 | 2016 |
| Unwinding of discount1 | 1,708 | 1,235 | 2,254 |
| Revolving credit facility charges2 | 1,151 | 1,087 | 2,279 |
| Interest on CIL facility | 1,573 | 1,896 | 3,956 |
| Interest on finance leases | 200 | 199 | - |
| Bank charges | 319 | 604 | 701 |
| Other | 503 | 359 | 1,857 |
| Total | 5,454 | 5,380 | 11,047 |

The unwinding of discount is calculated on the environmental rehabilitation provision.Included in credit facility charges are the amortisation of the fees related to the revolving credit facility as well as the monthly interest and facility fees.

9. Tax Expense

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the six months ended 30 June | For the year ended  31 December |  |
|  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | 2017 | 2016 | 2016 |
| Current tax: |  |  |  |
| Current tax on profits for the period | 31,793 | 27,843 | 54,508 |
| Adjustments in respect of prior years1 | 0 | 36,6041 | 36,697 |
| Total current tax | 31,793 | 64,447 | 91,205 |
| Deferred tax: |  |  |  |
| Origination and reversal of temporary differences2 | 5,209 | 43,2972 | 55,908 |
| Total deferred tax | 5,209 | 43,297 | 55,908 |
| Income tax expense | 37,002 | 107,744 | 147,113 |

1 Included in this amount for 2016 is a provision for uncertain tax positions of US$32.3 million relating to North Mara, and US$4.4 million relating to Tulawaka, following an adverse tax ruling as reported in Q1 2016.

2 Included in this amount for 2016 is a provision for uncertain tax positions of US$35.0 million relating to Bulyanhulu following an adverse tax ruling, as reported in Q1 2016.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the six months ended 30 June | For the year ended 31 December |  |
|  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | 2017 | 2016 | 2016 |
| Profit/(loss) before tax | 99,545 | 101,616 | 242,057 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | 30,519 | 28,481 | 73,373 |
| Tax effects of: |  |  |  |
| Expenses not deductible for tax purposes | 57 | 463 | 247 |
| Tax losses for which no deferred income tax asset was recognised3 | 6,426 | 7,100 | 76,592 |
| Adjustments to unrecognised tax benefits carried forward4 | - | 69,916 | - |
| Prior year adjustments | - | 1,784 | (3,099) |
| Tax charge | 37,002 | 107,744 | 147,113 |

3 The reconciliation includes an amount of US$69.9 million for 2016 relating to an increase in the amount of unrecognised tax liabilities carried forward. The adjustment reflects uncertainty regarding recoverability of certain tax losses, and gives rise to an increased deferred tax charge.

Tax periods remain open to review by the Tanzanian Revenue Authority (TRA) in respect of income taxes for five years following the date of the filing of the corporate tax return, during which time the authorities have the right to raise additional tax assessments including penalties and interest. Under certain circumstances the reviews may cover longer periods. Because a number of tax periods remain open to review by tax authorities, there is a risk that transactions that have not been challenged in the past by the authorities may be challenged by them in the future, and this may result in the raising of additional tax assessments plus penalties and interest.

10. (Loss)/ earnings Per Share (EPS)

Basic EPS is calculated by dividing the net (loss)/ profit for the period attributable to owners of the Company by the weighted average number of Ordinary Shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. The Company has dilutive potential Ordinary Shares in the form of stock options. The weighted average number of shares is adjusted for the number of shares granted assuming the exercise of stock options.

At 30 June 2017, 30 June 2016 and 31 December 2016, (loss)/ earnings per share have been calculated as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | For the six months ended  30 June | For the year ended  31 December |  |  |  |  |  |
|  | (Unaudited) | (Unaudited) | (Audited) |  |  |  |  |
| (US$'000) | 2017 | 2016 | 2016 |  |  |  |  |
| (Loss)/ earnings |  |  |  |  |  |  |  |
| Net (loss)/ profit attributable to owners of the parent | 62,543 | (6,128) | 94,944 |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Weighted average number of Ordinary Shares in issue | 410,085,499 | 410,085,499 | 410,085,499 |  |  |  |  |
| Adjusted for dilutive effect of stock options | 382,474 | 277,889 | 355,514 |  |  |  |  |
| Weighted average number of Ordinary Shares for diluted earnings per share | 410,467,973 | 410,363,388 | 410,441,013 |  |  |  |  |
|  |  |  |  |  |  |  |  |
| (Loss)/ earnings per share |  |  |  |  |  |  |  |
| Basic (loss)/ earnings per share (cents) | 15.3 | (1.5) | 23.2 |  |  |  |  |
| Dilutive (loss)/ earnings per share (cents) | 15.2 | (1.5) | 23.1 |  |  |  |  |
|  |  |  |  |  |  |  |  |

11. Dividends

The final dividend declared in respect of the year ended 31 December 2016 of US$34.4 million (US0.8 cents per share) was paid during May 2017. No 2017 interim dividend has been declared based on the Group's year-to-date negative free cash flow.

12. Property, Plant and Equipment

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| For the six months ended 30 June 2017 (Unaudited)   (US$'000) | Plant and equipment | Mineral properties and mine development costs | Assets under construction¹ | Total |
| At 1 January 2017, net of accumulated depreciation and impairment | 553,993 | 842,019 | 47,164 | 1,443,176 |
| Additions | - | - | 91,209 | 91,209 |
| Non-cash reclamation asset adjustments | - | - | 134 | 134 |
| Foreign currency translation adjustments | 512 | - | - | 512 |
| Disposals/write-downs | - | - | - | - |
| Depreciation | (37,854) | (31,868) | - | (69,722) |
| Transfers between categories | 21,373 | 74,511 | (95,884) | - |
| At 30 June 2017 | 538,024 | 884,662 | 42,623 | 1,465,309 |
|  |  |  |  |  |
| At 1 January 2017 |  |  |  |  |
| Cost | 1,914,522 | 1,777,277 | 47,164 | 3,738,963 |
| Accumulated depreciation and impairment | (1,360,529) | (935,258) | - | (2,295,787) |
| Net carrying amount | 553,993 | 842,019 | 47,164 | 1,443,176 |
|  |  |  |  |  |
| At 30 June 2017 |  |  |  |  |
| Cost | 1,936,407 | 1,851,788 | 42,623 | 3,830,818 |
| Accumulated depreciation and impairment | (1,398,383) | (967,126) | - | (2,365,509) |
| Net carrying amount | 538,024 | 884,662 | 42,623 | 1,465,309 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| For the six months ended 30 June 2016 (Unaudited)  (US$'000) | Plant and equipment | Mineral properties and mine development costs | Assets under construction¹ | Total |
| At 1 January 2016, net of accumulated depreciation and impairment | 572,877 | 761,592 | 56,244 | 1,390,713 |
| Additions | - | - | 82,348 | 82,348 |
| Non-cash reclamation asset adjustments | - | - | 19,196 | 19,196 |
| Foreign currency translation adjustments | 1,441 | - | - | 1,441 |
| Disposals/write-downs | (137) | - | - | (137) |
| Depreciation | (49,362) | (30,005) | - | (79,367) |
| Transfers between categories | 41,169 | 60,801 | (101,970) | - |
| At 30 June 2016 | 565,988 | 792,388 | 55,818 | 1,414,194 |
|  |  |  |  |  |
| At 1 January 2016 |  |  |  |  |
| Cost | 1,845,234 | 1,636,413 | 56,244 | 3,537,891 |
| Accumulated depreciation and impairment | (1,272,357) | (874,821) | - | (2,147,178) |
| Net carrying amount | 572,877 | 761,592 | 56,244 | 1,390,713 |
|  |  |  |  |  |
| At 30 June 2016 |  |  |  |  |
| Cost | 1,887,676 | 1,697,214 | 55,818 | 3,640,708 |
| Accumulated depreciation and impairment | (1,321,688) | (904,826) | - | (2,226,514) |
| Net carrying amount | 565,988 | 792,388 | 55,818 | 1,414,194 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| For the year ended 31 December 2016  (Audited)   (US$'000) | Plant and equipment | Mineral properties and mine development costs | Assets under construction¹ | Total |
| At 1 January 2016, net of accumulated depreciation and impairment | 572,877 | 761,592 | 56,244 | 1,390,713 |
| Additions | - | - | 191,139 | 191,139 |
| Non-cash reclamation asset adjustments | - | - | 21,955 | 21,955 |
| Foreign currency translation adjustments | 2,203 | - | - | 2,203 |
| Disposals/write-downs | (6,533) | - | - | (6,533) |
| Depreciation | (95,864) | (60,437) | - | (156,301) |
| Transfers between categories | 81,310 | 140,864 | (222,174) | - |
| At 31 December 2016 | 553,993 | 842,019 | 47,164 | 1,443,176 |
|  |  |  |  |  |
| At 1 January 2016 |  |  |  |  |
| Cost | 1,845,234 | 1,636,413 | 56,244 | 3,537,891 |
| Accumulated depreciation and impairment | (1,272,357) | (874,821) | - | (2,147,178) |
| Net carrying amount | 572,877 | 761,592 | 56,244 | 1,390,713 |
|  |  |  |  |  |
| At 31 December 2016 |  |  |  |  |
| Cost | 1,914,522 | 1,777,277 | 47,164 | 3,738,963 |
| Accumulated depreciation and impairment | (1,360,529) | (935,258) | - | (2,295,787) |
| Net carrying amount | 553,993 | 842,019 | 47,164 | 1,443,176 |

1 Assets under construction represents (a) sustaining capital expenditures incurred constructing property, plant and equipment related to operating mines and advance deposits made towards the purchase of property, plant and equipment; and (b) expansionary expenditure allocated to a project on a business combination or asset acquisition, and the subsequent costs incurred to develop the mine. Once these assets are ready for their intended use, the balance is transferred to plant and equipment and/or mineral properties and mine development costs.

Leases

Property, plant and equipment includes assets relating to the design and construction costs of power transmission lines and related infrastructure. At completion, ownership was transferred to TANESCO in exchange for amortised repayment in the form of reduced electricity supply charges. No future lease payment obligations are payable under these finance leases.

Property, plant and equipment also includes five drill rigs purchased under short-term finance leases.

The following amounts were included in property, plant and equipment where the Group is a lessee under a finance lease:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | For the six months ended  30 June | For the year ended  31 December |  |
|  |  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | 2017 | 2016 | 2016 |  |
| Cost - capitalised finance leases |  | 51,618 | 51,617 | 51,617 |
| Accumulated depreciation and impairment |  | (42,050) | (36,392) | (40,925) |
| Net carrying amount |  | 9,568 | 15,225 | 10,692 |

13. Derivative Financial Instruments

The table below analyses financial instruments carried at fair value, by valuation method. The Group has derivative financial instruments in the form of economic and cash flow hedging contracts which are all defined as level two instruments as they are valued using inputs other than quoted prices that are observable for the assets or liabilities. The following tables present the group's assets and liabilities that are measured at fair value at 30 June 2017, 30 June 2016 and 31 December 2016.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Assets | Liabilities |  |  |
| (US$'000) | Current | Non-current | Current | Non-current |  |  |
| For the six months ended 30 June 2017 (Unaudited) |  |  |  |  |  |  |
| Interest contracts: Designated as cash flow hedges | 528 | 611 | 518 | - |  |  |
| Commodity contracts - Fuel: Not designated as hedges | 73 | 159 | 596 | 1,068 |  |  |
| Total | 601 | 770 | 1,114 | 1,068 |  |  |
|  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Assets | Liabilities |  |  |
| (US$'000) | Current | Non-current | Current | Non-current |  |  |
| For the six months ended 30 June 2016 (Unaudited) |  |  |  |  |  |  |
| Interest contracts: Designated as cash flow hedges | - | - | 434 | 320 |  |  |
| Currency contracts: Not designated as hedges | - | - | 6,761 | - |  |  |
| Commodity contracts - Fuel: Not designated as hedges | 9 | 129 | 3,778 | 268 |  |  |
| Total | 9 | 129 | 10,973 | 588 |  |  |
|  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Assets | Liabilities |  |  |  |
| (US$'000) | Current | Non-current | Current | Non-current |  |  |  |
| For the year ended 31 December 2016 (Audited) |  |  |  |  |  |  |  |
| Interest contracts: Designated as cash flow hedges | 33 | 255 | 73 | - | 215 |  |  |
| Commodity contracts - Fuel: Not designated as hedges | 1,310 | 566 | 511 | 30 | 1,335 |  |  |
| Total | 1,343 | 821 | 584 | 30 | 1,550 |  |  |
|  |  |  |  |  |  |  |  |

14. Inventories

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | For the six months ended  30 June | For the year ended  31 December |  |
|  |  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | 2017 | 2016 | 2016 |  |
| Raw materials |  |  |  |  |
| Ore in stockpiles |  | 14,041 | 17,733 | 8,270 |
| Mine operating supplies |  | 154,859 | 145,936 | 143,609 |
| Work in process |  | 10,807 | 14,632 | 10,534 |
| Finished products |  |  |  |  |
| Gold doré/bullion |  | 7,084 | 5,424 | 8,692 |
| Gold, copper and silver concentrate |  | 93,901 | 11,932 | 13,208 |
| Total current portion of inventory |  | 280,692 | 195,657 | 184,313 |
| Non-current ore in stockpiles¹ |  | 115,775 | 87,050 | 98,936 |
| Total |  | 396,467 | 282,707 | 283,249 |

15. Other Current Assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | For the six months ended  30 June | For the year ended  31 December |  |
|  |  | (Unaudited) | (Unaudited) | (Audited) |
| (US$'000) | 2017 | 2016 | 2016 |  |
| Other current assets: |  |  |  |  |
| Current portion of indirect tax receivables |  | 157,936 | 50,787 | 128,423 |
| Other receivables and advance payments1 |  | 32,932 | 35,443 | 21,095 |
| Total |  | 190,868 | 86,230 | 149,518 |

1 Other receivables and advance payments relate to prepayments for insurance and income taxes offset against outstanding refunds for VAT and fuel levies and current amounts receivable from the NSSF of US$2.3 million (2016: US$5.0 million).

16. Borrowings

During 2013, a US$142 million facility was put in place to fund the bulk of the costs of the construction of one of Acacia's key growth projects, the Bulyanhulu CIL Expansion project ("Project"). The Facility is collateralised by the Project, has a term of seven years with a spread over Libor of 250 basis points. In common with borrowing agreements of this nature the facility includes various covenants as well as a material adverse effect clauses.  The interest rate has been fixed at 3.6% through the use of an interest rate swap. The 7 year Facility is repayable in equal $14.2 million bi-annual instalments over the term of the Facility, after a two year repayment holiday period. The full facility of US$142 million was drawn at the end of 2013. The first principal payment of US$14.2 million was paid in H2 2015 and regular repayments have been made each half year. As at 30 June 2017 the balance owing was US$85.2 million (2016: US$99.4 million) all covenants have been complied with. Interest accrued to the value of US$0.6 million (2016: US$0.6 million) was included in accounts payable at the end of the period. Interest incurred on the borrowings as well as hedging losses on the interest rate swap for the period ended 30 June 2017 was US$1.2 million (2016: US$4.0 million).

17. Cash flow - other items

a) Operating cash flows - other items

Movements relating to working capital items

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the six months ended  30 June | For the year ended  31 December |  |
|  | (Unaudited) | (Unaudited) | (Audited) |
| (in thousands of United States dollars) | 2017 | 2016 | 2016 |
| Indirect and corporate taxes1 | (51,047) | (13,015) | (59,100) |
| Increase in current indirect tax receivable | (33,747) | (3,015) | (18,224) |
| Prepaid corporate tax | - | (10,000) | (20,000) |
| Income tax paid | (17,300) | - | (20,876) |
| Other current assets | 6,519 | 4,512 | 695 |
| Trade receivables | 6,931 | (5,756) | (4,472) |
| Inventories2 | (113,217) | (7,770) | (8,312) |
| Other liabilities | (7,626) | (3,027) | 33,582 |
| Share based payments3 | (834) | 19,635 | (35,966) |
| Trade and other payables4 | 795 | (10,905) | 15,931 |
| Other working capital items5 | (1,218) | 20 | (855) |
| Total | (159,697) | (16,306) | (58,497) |

1 During the year, we have made US$17.3 million (US$20 million 2016) corporate tax provisional payments. This has been funded through an offset against current indirect taxes that was due for refund.

2 The inventory adjustment includes the movement in current as well as the non-current portion of inventory.

3 During the year, share based payments of US$0.8 million was made.

4 The trade and other payables adjustment exclude statutory liabilities in the form of income tax payable.

5 Other working capital items include exchange losses associated with working capital.

Other non-cash items

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the six months ended  30 June | For the year ended  31 December |  |
|  | (Unaudited) | (Unaudited) | (Audited) |
| (in thousands of United States dollars) | 2017 | 2016 | 2016 |
| Adjustments for non-cash income statement items: |  |  |  |
| Foreign exchange (gains)/losses | 4,734 | (1,070) | (1,463) |
| Discounting of indirect tax receivables | - | (6,508) | (9,719) |
| Provisions settled | 2,101 | (11) | (8) |
| Unrealised gain on derivatives | 2,431 | (1,352) | (13,031) |
| Stock option expense | 6 | 49 | 77 |
| Provisional tax offsets | (17,300) | - | - |
| Other non-cash items | (30) | (105) | 36 |
| Exchange loss on revaluation of cash balances | (151) | 45 | 258 |
| Total | (8,209) | (8,952) | (23,850) |

b) Investing cash flows - other items

|  |  |  |  |
| --- | --- | --- | --- |
|  | For the six months ended  30 June | For the year ended  31 December |  |
|  | (Unaudited) | (Unaudited) | (Audited) |
| (in thousands of United States dollars) | 2017 | 2016 | 2016 |
| Proceeds on sale of property, plant and equipment | - | 40 | 6,713 |
| Other long-term receivables | 29 | (125) | (10) |
| Rehabilitation expenditure | (250) | (110) | (175) |

18. Commitments and Contingencies

The Group is subject to various laws and regulations which, if not observed, could give rise to penalties. As at 30 June 2017, the Group has the following commitments and/ or contingencies.

a)            Legal contingencies

As at 30 June 2017, the Group was a defendant in a number of lawsuits. The plaintiffs are claiming damages and interest thereon for the loss caused by the Group due to one or more of the following: unlawful eviction, termination of services and/or, non-payment for services, defamation, negligence by act or omission in failing to provide a safe working environment, unpaid overtime, public holiday compensation and various other commercial/project disputes.

The Group's Legal Counsel is defending the Group's current position, and the outcome of the lawsuits cannot presently be determined. However, in the opinion of the Directors and Group's Legal Counsel, no material liabilities are expected to materialise from these lawsuits that have not already been provided for.

An adjudication claim for US$115 million by Bismark Hotel Limited relating to an alleged breach of contract under an Option Agreement signed in 1995. The claim relates to an application for a prospecting licence with no attributable reserves, resources or value. We are waiting for the adjudicators to fix a hearing date. Management are of the opinion that the claim is without merit and that it will be successfully defended.An arbitration award of US$4 million, relating to a historical arbitration between North Mara Gold Mine Limited (NMGML) and Diamond Motors Limited (DML) in respect of an alleged breach of contract claim in relation to the interpretation of periodic   rate review requirements and   other provisions of drilling services contracts. NMGML counterclaimed against the amount and raised a provision of US$6.2 million reflecting the view of NMGML as to the proper interpretation and application of the rate review clauses of the contracts. An arbitral tribunal decided in favour of NMGML on the material grounds  of  the  claim  on  10 August  2015, with an award of US$4 million  for  unpaid  rates  to  DML  for  the  period  up to September 2013. The Tribunal found that the subsequent period fell to be determined by negotiation of the parties pursuant to the contractual terms and should be calculated based on the tribunal's judgment. After the Award was issued, DML: (i) sought to challenge the Award in the Commercial Court; and (ii) filed a winding up application against NMGML based on unpaid rates for 2014 and 2015. NMGML petitioned the High Court to stay the winding up petition, given that the underlying debt and alleged indebtedness for 2014/2015 must be determined by arbitration. The stay was rejected on the basis that winding up procedures cannot be determined by arbitration. This decision is on appeal. DML recently applied to strike out the appeal on the basis that the record on appeal was not timely filed.  We will be opposing this application, which may not be heard by the Court of Appeal for some months.  We are currently assessing options available to determine the amount payable to DML for 2014/2015 in order to reach an agreement on this and to have all Court proceedings set aside.  The hearing for the application to wind up North Mara has yet to be scheduled. Payment has been made for the Arbitration award (US$4 million) and we continue to carry a provision of US$2.2 million as provisioned for the first arbitration.A contractual dispute between various Acacia operating companies and Petrolube/ISA to the value of US$35.1 million. The Acacia entities terminated contractual supply relationships for: (i) the provision of hoses, fittings and assembly services to operating entities by ISA on Notice of 5 July 2016; and (ii) the provision of lubricants and associated services by Petrolube to operating entities on 5 July 2016, in each case pursuant to the express termination without cause provisions in the agreement, and following retendering of relevant services and as a result of various breaches of contract relating to the provision of Petrolube/ISA services (including issues relating to reliability of prior supplies and quality of products) and various other breaches of contract by Petrolube/ISA.  The termination of the Petrolube/ISA contracts resulted in Petrolube / ISA commencing proceedings and procedural applications in the High Court of Tanzania. This was undertaken despite the contracts providing for arbitration as the principal dispute resolution mechanism. Petrolube /ISA's ultimate objective was to have the termination of the agreements set aside on the basis of unlawful termination and to recover various damages limbs, including loss of profits, and other general damages (US$ 56,080,878.46 - Petrolube Claim and US$ 24,868,942.64 ISA Claim). We have challenged all elements of these Court proceedings and have also challenged the jurisdiction of the Court together with an application for a stay of proceedings, given that the contracts require all disputes to be referred to arbitration following principal to principal dispute discussions. We have also filed petitions to stay these amended plaints (again, on the basis of the contractual dispute resolution process) and are waiting for these to be determined. In conjunction with these court proceedings, however, we have commenced separate arbitration proceedings in accordance with the dispute resolution procedures under the relevant contracts.A claim for compensation against NMGML in relation to the destruction of an office building and stone crusher machine. The damage to the property was caused by the Tanzanian Police Force. The claim has been re-filed in the High Court and awaits scheduling. Management   expects   to be   able   to defend   the   claim successfully as the damage of the property was caused by the Tanzanian Police Force; therefore no provision has been made.

b) Tax-related contingencies

The TRA has issued a number of tax assessments to the Group related to past taxation years from 2002-onwards. The Group believes that the majority of these assessments are incorrect and has filed objections and appeals accordingly in an attempt to resolve these matters by means of discussions with the TRA or through the Tanzanian appeals process. These include the following:

A TRA assessment of US$21.3 million in respect of Tusker Gold Limited. The tax assessment is based on the sales price of the Nyanzaga property of US$71 million multiplied by the tax rate of 30%. Management is of the view that the assessment is invalid due to the fact that the acquisition is for Tusker Gold Limited, a company incorporated in Australia. The shareholding of the Tanzanian related entities did not change and the Tusker Gold Limited group structure remains the same as prior to the acquisition. The case was decided in favour of Acacia however the TRA appealed that decision. The tax tribunal upheld the decision in favour of Acacia however the TRA has appealed to the Court of Appeal. We are awaiting a hearing date to be set.A TRA assessment to the value of US$41.3 million for withholding tax on certain historic offshore dividend payments paid by Acacia Mining plc to its shareholders in 2010 to 2013 arguing that these were sourced from within Tanzania. Acacia is appealing this assessment on the substantive grounds that, as an English incorporated company, it is not resident in Tanzania for taxation purposes. The appeal is currently pending at the Court of Appeal.Further TRA assessments issued to Acacia Mining plc in January 2016 to the value of US$500.7 million, based on an allegation that Acacia is resident in Tanzania for corporate and dividend withholding tax purposes. The corporate tax assessments have been levied on certain Group net profits before tax. We are in the process of appealing these assessments at the TRA Board level. Acacia's substantive grounds of appeal are, again, based on the correct interpretation of Tanzanian permanent establishment principles and law, relevant to a non-resident English incorporated company.In addition, in Q1 2016 we received a judgement from the Court of Appeal regarding a long standing dispute over tax calculations at Bulyanhulu from 2000-2006. The Court of Appeal was reviewing seven issues initially raised by the TRA in 2012 regarding certain historic tax loss carry forwards and ruled in favour of Bulyanhulu by the Tax Appeals Board in 2013. The TRA appealed against this ruling and in 2014 the Tax Tribunal reversed the decision for all seven issues. Acacia appealed against this judgement and in March 2016 the Court of Appeal found in favour of the TRA in five of the seven issues. The legal route in Tanzania has now been exhausted; however we are considering our options for the next steps. The Court of Appeal ruling does not have a short term cash flow impact but means that Bulyanhulu will be in a tax payable situation approximately one year earlier than previously expected.  Acacia is yet to receive a revised tax assessment following the judgement, but has raised further tax provisions of US$69.9 million in order to address the direct impact of the ruling on Bulyanhulu's tax loss carry forwards and the potential impact this may have on the applicability of certain capital deductions for other years and our other mines. The additional tax provisions raised are US$35.1 million relating to Bulyanhulu, US$30.4 million relating to North Mara and US$4.4 million relating to Tulawaka and were all raised in H1 2016. Total provisions for uncertain tax positions now amount to US$128 million.

19. Related party balances and transactions

The Group has related party relationships with entities owned or controlled by Barrick Gold Corporation, which is the ultimate controlling party of the Group.

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions and other professional services arrangements with others in the Barrick Group. These transactions are under terms that are on normal commercial terms and conditions. These transactions are not considered to be significant.

At 30 June 2017 the Group had no loans of a funding nature due to or from related parties (30 June 2016: zero; 31 December 2016: zero).

**Load-Date:** July 21, 2017

**End of Document**



[***Washington: MINNESOTA'S ECONOMIC RIGHTS IN THE SUPERIOR NATIONAL FOREST ACT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R36-J7R1-JDG9-Y3DW-00000-00&context=1516831)

Impact News Service

November 30, 2017 Thursday

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**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 Mr. GOSAR. Mr. Speaker, pursuant to House Resolution 631, I call up the bill (H.R 3905) to require congressional approval of any mineral withdrawal or monument designation involving the National Forest System lands in the State of Minnesota, to provide for the renewal of certain mineral leases in such lands, and for other purposes, and ask for its immediate consideration in the House. The Clerk read the title of the bill. The SPEAKER pro tempore. Pursuant to House Resolution 631, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 115-41 is adopted, and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows: H.R 3905 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. SHORT TITLE. This Act may be cited as the ``Minnesota's Economic Rights in the Superior National Forest Act''. SEC. 2. CONDITION ON MINERAL WITHDRAWAL OF NATIONAL FOREST SYSTEM LANDS IN MINNESOTA. Minerals within the National Forest System lands in the State of Minnesota shall not be subject to withdrawal from disposition under United States mineral and geothermal leasing law unless the withdrawal is specifically approved by an Act of Congress enacted after the date of the enactment of this Act. SEC. 3. CONDITION ON MONUMENT DESIGNATION ON NATIONAL FOREST SYSTEM LANDS IN MINNESOTA. Section 320301 of title 54, United States Code, is amended by adding at the end the following new subsection: ``(e) Limitation on Extension or Establishment of a National Monument in Minnesota.--No extension or establishment of national monuments on National Forest System lands in the State of Minnesota may be undertaken except by express authorization of Congress.''. [[Page H9499]] SEC. 4. CLARIFYING THE NATURE OF MINERAL RIGHTS ON FOREST SYSTEM LANDS IN MINNESOTA. (a) Mineral Leases Issued Within Forest System Lands in Minnesota.-- (1) In general.--All mineral leases issued within the exterior boundaries of National Forest System lands in the State of Minnesota under the authority of the Act of June 30, 1950 (16 U.S.C 508b), or section 402 of Reorganization ***Plan*** No. 3 of 1946 (5 U.S.C App.), are indeterminate preference right leases that-- (A) shall be issued for an initial 20-year period; and (B) as provided in paragraph (2), shall be renewable after the period described in subparagraph (A) for 10-year renewal periods. (2) Requirements for renewal.--A lease shall be renewed under paragraph (1)(B)-- (A) if the lessee has complied with the terms and conditions of the lease during the preceding lease period; and (B) on the condition that, at the end of each ten-year renewal period, such reasonable readjustment of the terms and conditions of the lease may be prescribed by the Secretary of the Interior, in consultation with the Secretary of ***Agriculture***, for the purpose of-- (i) encouraging production; or (ii) addressing changing conditions within the lease area. (b) Suspension of Operations.--The Secretary of the Interior may suspend operations under a lease described in subsection (a) when-- (1) the lease can only be operated at a loss due to market conditions; or (2) operations are interrupted by strikes. (c) Permits for Use of Surface Lands.--With respect to lands subject to a lease pursuant to subsection (a), the Secretary of the Interior, in consultation with the Secretary of ***Agriculture***, may issue permits for the use of surface lands not included in the lease for purposes connected with, and reasonably necessary to, the exploration, development, and use of the deposits covered by the lease. (d) Applicability to Mineral Leases.--This section shall apply with respect to all mineral leases described in subsection (a), including-- (1) leases that on the date of the enactment of this section are not in effect; and (2) the hard rock mineral leases for the Superior National Forest in Minnesota identified as MNES-01352 and MNES-01353. (e) Applicability of National Environmental Policy Act of 1969.--The National Environmental Policy Act of 1969 (42 U.S.C 4331 et seq.) shall apply with respect to a mineral lease described in subsection (a). In the case of the renewal of the existing hard rock mineral leases referred to in subsection (d)(2), the Bureau of Land Management shall complete the pending environmental assessment no later than 30 days after the date of the enactment of this Act. (f) Exclusion of Boundary Waters Canoe Area Wilderness.-- Nothing in this section may be construed as permitting the prospecting for development and utilization of mineral resources within the Boundary Waters Canoe Area Wilderness or Mine Protection Area. The SPEAKER pro tempore. The bill, as amended, shall be debatable for 1 hour, equally divided and controlled by the chair and ranking minority member of the Committee on Natural Resources. After 1 hour of debate, it shall be in order to consider the further amendment printed in House Report 115-429, if offered by the Member designated in the report, which shall be considered read, shall be separately debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, and shall not be subject to a demand for a division of the question. The gentleman from Arizona (Mr. Gosar) and the gentleman from California (Mr. Lowenthal) each will control 30 minutes. The Chair recognizes the gentleman from Arizona. General Leave Mr. GOSAR. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on H.R 3905. The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona? There was no objection. Mr. GOSAR. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado (Mr. Lamborn). Mr. LAMBORN. Mr. Speaker, I thank Chairman Gosar for his leadership on this and other issues in the Congressional Western Caucus. Mr. Speaker, I rise in strong support of this legislation. Mr. Speaker, mining in the Superior National Forest, where these leases are located, has previously been authorized by Congress on several occasions. First in 1950, and again in 1978. With that bill--the Boundary Waters Canoe Area Wilderness Act-- Congress established a compromise in which mining was prohibited within the 1.1 million acre Boundary Waters Canoe Area Wilderness, but specifically authorized in the Superior National Forest. Likewise, U.S Forest Service ***plans*** for these areas have identified mining in these Superior Forest locations as a ``desired condition.'' Despite this longstanding precedent, in December of 2016, the Obama administration abruptly canceled mining leases that have been held and renewed for decades in northern Minnesota. Then in January, the day before leaving office, President Obama signed off on a mineral withdrawal for an area spanning 425,000 acres, including 95,000 acres of State school trust fund lands. There is a torrent of misinformation surrounding this bill, with alarmist groups begging that we ``save the Boundary Waters.'' Mr. Speaker, the Boundary Waters were saved in 1978. The low-impact mining arrangements that these mining leases entail do not endanger the Boundary Waters, which is itself protected by a significant buffer as well. The bill reiterates--redundantly, I will add, but in order to make it crystal clear--that mining is prohibited in the Boundary Waters and the surrounding buffer. To say otherwise is a blatant falsehood. A few other facts that you won't hear from alarmists but that deserve to be said: this bill retains the full protections enshrined across the array of environmental laws and regulations which apply to mine leasing, permitting, and operation. The most notable in this case are the National Environmental Policy Act--NEPA--and the Clean Water Act, which still apply, in full. But the fact is that this bill is not about removing environmental protections, as some may have said. Rather, what about when you don't actually remove any? Rather, what initiated this situation is an arbitrary overreach by the Obama administration at the last minute. It was looking to score political points on its way out the door by taking the near- unprecedented action of initiating a full mineral withdrawal. That was undemocratic, and the huge support that this bill and mining in general enjoys in Minnesota's Eighth Congressional District, where the Superior Forest is located, is proof positive. But Article IV of the Constitution vests Congress with authority over public lands, and it is now up to us to act. Mr. Speaker, I appreciate this chance to clear the air on some of the misconceptions and falsehoods that have been tarnishing this bill. It really is unfortunate that commonsense, local issues like this one are being dragged into a national partisan brawl. Nevertheless, I hope my colleagues are able to see through the deception, recognize the clear benefits of mining in Minnesota, and vote ``yes'' on this important bill. Finally, I would like to share some comments from the Associated General Contractors of Minnesota, who noted that ``H.R 3905 changes no environmental review processes, relaxes no environmental standards, and specifically restates Congress' prohibition on any mining activity in the BWCAW and the surrounding protective buffer.'' Mr. Speaker, I include in the Record their full letter. Associated General Contractors of Minnesota, November 22, 2017. Dear Congressman Walz: On behalf of the Associated General Contractors of Minnesota and our over 400 member firms, I am writing to urge your support for H.R 3905, the ``Minnesota's Economic Rights (MINER) in the Superior National Forest Act,'' bipartisan legislation sponsored by Cong. Tom Emmer (MN-6th) and cosponsored by Cong. Collin Peterson (MN-7th), Cong. Jason Lewis (MN-2nd) and Cong. Paul Gosar (AZ-4th). H.R 3905 is currently on the agenda of the House Rules Committee, on a path for House floor action in the coming weeks. In 1950, Congress took action to make land available for mineral exploration and development within the Superior National Forest (SNF) within the Iron Range region in Northeast Minnesota. In 1978, Congress prohibited mining within the region's Boundary Waters Canoe Area Wilderness (BWCAW) and an adjacent protective buffer zone, while reaffirming that mining should be allowed and promoted in the remaining area of the SNF. H.R 3905 aims to correct the injustices being thrust upon the Iron Range by requiring congressional approval of any mineral withdrawal or monument designation involving the National Forest System lands in the State of Minnesota, as well as providing for the renewal of certain mineral leases and ensuring future leases in the area remain valid and renewed as outlined by current law. Moreover, H.R 3905 changes no environmental review processes, relaxes no environmental standards, and specifically restates [[Page H9500]] Congress' prohibition on any mining activity in the BWCAW and surrounding protective buffer. H.R 3905 would reaffirm long-standing Congressional intent in the management and development of critical minerals in Minnesota, eliminate bureaucratic delays in developing environmentally-responsible mine projects proposals, and restore the promise of future job growth and economic opportunity to an economically distressed region of the state. We strongly urge your vote in support of H.R 3905. Thank you for your support of mining in Minnesota and the thousands of good paying jobs that are sustained through safe and effective management of these natural resources. Sincerely, Tim Worke, CEO. Mr. GOSAR. Mr. Speaker, I reserve the balance of my time. Mr. LOWENTHAL. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, this legislation is quite simply a giveaway of mining rights on roughly 5,000 acres of public lands right next to the Boundary Waters Canoe Area Wilderness in northern Minnesota to a Chilean mining conglomerate so that it can develop a copper mine that will, in all likelihood, leach toxic acid waste into the Boundary Waters for decades, if not centuries, to come. In order to do this, this bill overrides multiple laws that are in place to allow priceless natural places to be protected and it vetoes the scientific conclusions of the U.S Forest Service. Last year, the Forest Service recommended that two undeveloped 50- year-old mining leases in Minnesota's Superior National Forest be allowed to expire, stating that the development of a copper mine on these leases could lead to potentially extreme contamination of the Boundary Waters wilderness from acid mine drainage and leached materials. The Boundary Waters isn't just a pristine and unique wilderness, it is also an economic engine for northern Minnesota. Over 1,000 pristine lakes, 1,200 miles of streams, and 2,000 campsites attract more than 150,000 visitors each year to canoe, kayak, fish, bird watch, ski, and simply explore and enjoy the natural beauty and peacefulness that is unlike anywhere else in the United States. These visitors bring in tens of millions of dollars annually, supporting thousands of local jobs. {time} 1530 The ecological and economic value of the Boundary Waters led the Forest Service to conclude: `` . . . development of a regionally untested copper-nickel sulfide-ore mine within the same watershed as the Boundary Waters Canoe Area Wilderness might cause serious and irreplaceable harm to this unique, iconic, and irreplaceable wilderness area.'' As a result, the leases were not renewed, and the Forest Service began a study to look at whether to protect the area adjacent to the Boundary Waters from mining for the next 20 years. This 2-year study is open. It is a public process designed to gather scientific information and local views on the potential impacts of copper mining, which is immediately adjacent to the Boundary Waters, and it is supported by an overwhelming majority--79 percent--of the voters in Minnesota. Even this administration here in Washington has said that it intends to allow the study to run its course before making any decisions, but this legislation would make that study meaningless. It would reinstate the leases and make it almost impossible for them to expire. It would block the Forest Service from acting on its study no matter what it found and how the people in the region feel, and it would make it impossible for the President of the United States to protect this area using the Antiquities Act, all so a Chilean mining company can move forward with a dangerous mine next to one of our most pristine and special natural places. Mr. Chairman, our public lands belong to all Americans, not simply to wealthy mining companies with the connections and the cash to try to overturn decisions they don't like through legislation. The company that we are talking about is challenging this decision to not renew their leases in court. That is the appropriate venue for that debate, not here in the Halls of Congress. We shouldn't rewrite the law to make sure that they get their way. Even if the company wins the case, we should not be tying the Federal Government's hands to make sure that this mine gets developed, no matter what, instead of listening to the science. That is the wrong thing to do for any project like this, let alone one that sits right next to a unique and delicate wilderness like the Boundary Waters. This bill is a blatant attempt to reward an individual foreign company at the expense of the American people and the American landscape, and I urge my colleagues to reject this legislation. Mr. Chairman, I reserve the balance of my time. Mr. GOSAR. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota (Mr. Emmer), the originator of this bill. Mr. EMMER. Mr. Speaker, I thank the chairman for yielding me this time. Mr. Speaker, today's debate on H.R 3905, Minnesota's Economic Rights in the Superior National Forest Act, also known as the MINER Act, is not just important to the great State of Minnesota. This legislation is critically important to the United States. The MINER Act will reverse the misguided, last-minute actions of the Obama administration to stop any exploration of one of the most valuable precious metal deposits in the world. The MINER Act will ensure that the people of Minnesota have the opportunity for jobs and economic prosperity that would come if the deposit can ever be mined in an environmentally safe and responsible manner. The MINER Act will renew the Federal Government's commitment and promise to the citizens of Minnesota. When the Superior National Forest was created in 1909 and, later, when the Boundary Waters Canoe Area was established in 1978, there was an express agreement between the Federal Government and the State of Minnesota that mining and logging could continue in the Superior National Forest. In fact, according to the most recent Superior National Forest land use management ***plan***, mining and logging are considered a desired condition in the forest. This is about more than just the 10,000-plus jobs which are now at risk because of the lameduck actions of the Obama administration. This is about billions of dollars in revenue for Minnesota's economy and billions more in potential education funding for Minnesota's schools that are now on the line. This is about strategically important metals and minerals which are used by Americans every day. This is about undoing a last-ditch effort to further a political agenda at the expense of the livelihoods that Minnesotans have relied on for generations. The MINER Act, again, is about protecting Minnesota's right to explore and, if environmentally appropriate, mine valuable and important precious metals, precious metals that are not only necessary to our everyday technology, but which are critically important to our Nation's national defense. There are some who would like to deny Minnesota the right to explore and potentially mine these precious metals. They argue that any mining activity could negatively impact our beloved Boundary Waters Canoe Area. This concern, however, ignores the fact that, if a mine is ever proposed, and to date there has been no mine proposed, if one is ever proposed in the Superior National Forest, it would have to satisfy all current local, State, and Federal environmental review and permitting requirements before it could ever be approved to proceed. We can and we will protect the Boundary Waters. I have no doubt that we can find a way to preserve Minnesota's pristine landscape without permanently destroying any future job creation or economic development in Minnesota. By passing the MINER Act, we protect thousands of jobs and billions of dollars in revenue and education funding while leaving an extensive process intact to protect and preserve the environment and our State. In conclusion, I encourage all my colleagues to support the MINER Act because we know someday someone might find a way to mine these important precious metals in a safe and environmentally responsible way, and if that happens, Minnesota deserves the opportunity and the jobs and economic prosperity that will ensue. [[Page H9501]] Mr. LOWENTHAL. Mr. Speaker, I yield 8 minutes to the gentlewoman from Minnesota (Ms. McCollum). Ms. McCOLLUM. Mr. Speaker, I rise today in opposition to this destructive bill. This bill undermines bedrock environmental and public land management laws in order to create a perpetual lease for a foreign-owned toxic mine. This mine will be on the doorstep of one of our country's last truly wild places, the Boundary Waters Canoe Area Wilderness. The Boundary Waters contains 1.1 million acres of unspoiled woodlands and more than 1,000 pristine lakes. The water wilderness is beloved by adventurers, canoers, sportsmen, and sportswomen from all across the United States and around the world. To safeguard this natural treasure, Congress has prohibited logging, mining, and even the use of most motorized vehicles on this Federal land. It has made the Boundary Waters a haven for birds and other wildlife and the most visited wilderness area in the United States of America. These visitors, over 250,000 annually, have helped the economy and created jobs in northern Minnesota, but the bill we are debating today puts this all at risk. It paves the way for a massive sulfide-ore copper mine just a few miles from the Boundary Waters Wilderness. Sulfide-ore mining is the most toxic industry in the United States. Sulfide mines pollute waterways with acid drainage, which contain arsenic, lead, and mercury. This type of mining is particularly risky in the vast, interconnected watershed that flows throughout the Boundary Waters into Voyageurs National Park and across the border into the Canadian provincial park. The supporters of H.R 3905 claim that the bill still protects the Boundary Waters because the mines will be located outside the wilderness area. Mr. Speaker, this is simply not the case. Let me show you where the mining would take place here. This is the site of the proposed mine on the edge of the wilderness area. The river that you see flows through the Boundary Waters. The area contains popular Forest Service campgrounds and entry points to the wilderness. It is a base for scouting and veterans' outdoor recreation trips. Some of the Superior National Forest's most popular fishing lakes and hunting grounds are in this area. They are home to hundreds of people and businesses. If this bill passes, it will create an industrial wasteland. This bill poses an unacceptable risk of irreparable damage to a pristine wilderness. A 2012 study of American sulfide-ore mines found that all mines have leaked, and 92 percent of them had experienced failures that negatively affected the local water quality. Even state-of-the-art sulfide-ore copper mines consistently pollute their surrounding environments. For example, in August 2014, a copper mine in British Columbia released a toxic slurry--10 billion liters of wastewater and 5 billion liters of tailings--that created a polluted dystopia of dead trees and contaminated salmon spawning areas. Because of the risks involved with these mines, the Forest Service has begun a 2-year environmental review that will determine if the Boundary Waters is an appropriate place for dangerous sulfide-ore copper mining or if a 20-year withdrawal of mining rights in the watershed is appropriate. This review is the process that Congress established, under the Federal Land Policy and Management Act, for considering mineral withdrawal. The review is supported by Minnesota's Governor, tribal governments, and 79 percent of all Minnesotans. It also has been supported by both the current and the former administration. Just this morning, again, I spoke with the chief of the U.S Forest Service and thanked him for the administration's commitment to allow the study to go forward. But the bill we are considering today stops this established scientific review process from going forward. Instead, it creates a loophole for the benefit of a foreign mining interest. It automatically reinstates two expired and denied leasings dating back to 1966, before modern environmental laws like the Clean Water Act. It allows permanent mining leases on national forestland, our Nation's public land, removing scientific safeguards, environmental considerations, and public input from the renewal process. It exempts Federal forests in Minnesota from the protections of the landmark Antiquities Act. It sets a dangerous precedent and will have consequences all across our country. There is simply no justification for Congress to rewrite the rules for our Federal forests in Minnesota, and that is exactly what this piece of legislation does. In short, this proposal is a giveaway of public resources to private interests. One of our Nation's last wild places becomes collateral damage. Good people of both parties all across Minnesota and throughout this country know the importance of protecting this pristine wilderness, and that is why so many of them have submitted letters to Congress in opposition to H.R 3905. Mr. Speaker, I include in the Record these letters of opposition from Minnesota's Governor, Mark Dayton; three Tribal nations: Fond du Lac, Grand Portage, and White Earth Bands of the Minnesota Chippewa; the Theodore Roosevelt Conservation Partnership, the National Wildlife Federation, and other sporting groups; the Girl Scouts of Minnesota and Wisconsin; Veterans for the Boundary Waters; and a coalition of dozens of national organizations that advocate for clean water and public lands and conservation. State of Minnesota, Office of Governor Mark Dayton, Saint Paul, MN, November 27, 2017. Hon. Paul Ryan, Speaker of the House, House of Representatives, Washington, DC. Dear Speaker Ryan: I write in strong opposition to H.R      3905, which I understand has passed out of Committee and is being reviewed by House Majority Leadership for a floor vote. I implore you not to schedule a vote on this bill without a full vetting of the serious risks to the Boundary Waters Canoe Area Wilderness from adjacent copper-nickel mining, the status of the two-year federal study currently underway, and the wishes of the majority of Minnesotans, who oppose copper- nickel mining in the immediate vicinity of the Boundary Waters. H.R 3905 is a bill, ``To require congressional approval of any mineral withdrawal or monument designation involving the National Forest System lands in the State of Minnesota, to provide for the renewal of certain mineral leases in such lands, and for other purposes.'' H.R 3905 was introduced in response to the desires of a foreign mining company to use Congress to circumvent the deliberations of the U.S Departments of Interior and ***Agriculture*** and their agencies, the Bureau of Land Management (BLM) and the U.S Forest Service (USFS), to determine whether copper-nickel mining can be conducted safely in this ecologically sensitive part of Minnesota. The Boundary Waters Canoe Area Wilderness (BCWAW) is America's most popular national Wilderness Area, drawing visitors from all over the world to Northeastern Minnesota to fish, hunt, and experience its interconnected pristine lakes, rivers and streams. Additionally, the BWCAW contributes enormously to Minnesota's social and economic wellbeing. In January, 2017, the BLM and the USFS began a comprehensive two-year study to determine whether copper- nickel mining, with its toxic by-product, sulfide ore, is appropriate within the watershed and immediate vicinity of the BWCA. Specifically, this environmental review will determine whether the Superior National Forest lands next to the BWCAW should be removed from the federal mining ***program*** to protect the Wilderness from pollution and other environmental degradation caused by the resulting sulfide ore. The study considers a wide variety of factors, including scientific evidence, public input, economic considerations, ecological characteristics, and recreational value, among others. I respectfully ask that you allow the completion of this important review process. Over 126,000 Americans have submitted public comments as part of it. Many attended three public meetings conducted earlier this year by the BLM and USFS. Moving H.R 3905 forward at this time would disregard the input of all Americans, who have participated in the process, as well as the views of the 79 percent of Minnesotans, who favor the two-year pause and environmental review of potential impacts to the BWCAW. The BWCAW is crucially important to our state, and I believe strongly that future federal and state decisions about its future should be made only after the most careful and objective scientific review. I urge you to reject the attempts by a foreign mining corporation to short-circuit the review process underway, and to affirm the importance of a careful, objective analysis under the existing federal legal framework. Continuing this review process is the best way to allow for well-informed federal and state decisions, which will affect many future generations of Americans. Industry should not dictate the stewardship of taxpayer-owned public lands, nor use Congress [[Page H9502]] to short-circuit sound decision-making--especially regarding pristine Wilderness Areas like the BWCAW. Sincerely, Mark Dayton, Governor. \_\_\_\_ Fond du Lac Band of Lake Superior Chippewa Reservation Business Committee, Cloquet, MN, August 3, 2017. Re Subcommittee's July 27, 2017 Hearing on Congressman Emmer's Draft Bill Hon. Rob Bishop, Chairman, House Committee on Natural Resources, Washington, DC. Hon. Raul Grijalva, Ranking Member, House Committee on Natural Resources, Washington, DC. Hon. Paul Gosar, Chairman, House Committee on Natural Resources, Subcommittee on Energy and Mineral Resources, Washington, DC. Hon. Alan Lowenthal, Ranking Member, House Committee on Natural Resources, Subcommittee on Energy and Mineral Resources, Washington, DC. Dear Chairmen Bishop and Gosar and Ranking Members Grijalva and Lowenthal: I write on behalf of the Fond du Lac Band of Lake Superior Chippewa to express our profound concerns about, and strong objections to, the draft bill offered by Congressman Emmer that was the subject of the hearing on July 27 before the Subcommittee on Energy and Mineral Resources. This draft bill would retroactively grant to a foreign-owned mining company--one that has a history of environmental violations in its home country--a perpetual lease of federal mineral rights. It would further eliminate an ongoing administrative process that is essential to the proper evaluation of any future development of federal minerals within this exceptional part of the Superior National Forest lands. We urge you not to support this measure. The Fond du Lac Band is a federally recognized Indian tribe. We hold a Reservation just south of Superior National Forest which was established for us by Treaty with the United States on September 30, 1854, 10 Stat. 1109. The 1854 Treaty further reserved to us the rights to hunt, fish and gather on lands outside our Reservation. These lands extend into the Arrowhead region of Minnesota, and encompass the lands within much of Superior National Forest and the Boundary Waters Canoe Area Wilderness (BWCAW), including the lands that are affected by this draft bill. The BWCAW, the lands adjacent to it, as well as the lands beyond the BWCAW's buffer zone and within the Superior National Forest, are pristine. This region--within the Rainy Lake Watershed--is a unique water-based ecosystem with thousands of lakes and interconnected waterbodies. The quality of its waters is high and those waters provide critically important habitat for fish and wildlife, including moose and other unique natural resources like wild rice. The waters, wild rice, fish and game are especially important to the Chippewa. Such natural resources have sustained our people for centuries and are the foundation of our culture and religion. The natural resources in this region play an increasingly important role in our ability to feed our families and exercise our Treaty rights, because many of the waters southwest of this region are impaired (as designated by the Minnesota Pollution Control Agency) from mining pollutants which have, in turn, destroyed wild rice beds and led to fish consumption advisories. Although northeastern Minnesota has a long history of mining, the mining done to date in the State has been for iron and taconite. The proposals to develop sulfide ore mining, for copper, nickel and palladium, would be the first of their kind in Minnesota. The history of such mines elsewhere highlights the very serious environmental damage that they pose from acid mine drainage--risks that Minnesota has not yet had occasion to address or regulate. Those risks are especially acute in water-based ecosystems like those in the BWCAW and the Rainy Lake watershed of Minnesota. And the proposed development of sulfide ore mines in lands immediately south of the BWCAW poses a serious and direct threat to the BWCAW for the very simple reason that the waters in that region flow north--towards the BWCAW. Because of the very substantial risks posed by sulfide-ore mining, Minnesota Governor Dayton made a decision in March 2016 not to permit the use of state lands for mining in this area, and subsequently the Secretaries

of Interior and ***Agriculture*** made like decisions with regard to federal lands. In particular, these federal agencies declined to renew two leases of federal minerals which had been made a half-century ago to the predecessor of Twin Metals Mine, and its foreign owner, Antofagasta Minerals. One of these leases covers land that is directly adjacent to the BWCAW. The other is within three miles of the BWCAW. The federal decision was based on a determination that the leases posed an unacceptable risk to the waters and natural resources in the BWCAW. In connection with that decision, the Departments of Interior and ***Agriculture*** initiated a process to evaluate whether 234,328 acres of federal lands within this ecologically unique region should be withdrawn from mining. The federal review process is now underway and should be allowed to continue. Decisions on whether to allow sulfide- ore mining, especially in this unique water-based ecosystem, need to take into account all of the impacts of the proposed project and should be based on objective science, economics and the social and related impacts of such development on the lives and livelihood of Minnesotans, including federally- protected tribal Treaty rights. Such analysis should also be done before any decision is made to reinstate expired, or expiring, leases of federal minerals in this area. The need for such an analysis is illustrated by the expired leases for the Twin Metals Mine. The original leases, which had a 20-year term, were made in 1966, well before enactment of laws that are essential to protecting the environment, such as the Clean Water Act. The original leases were also made before the federal courts confirmed the continued rights of the Chippewa to hunt, fish and gather in this region, and accordingly do not take into account the impact of the mineral leases on these treaty- protected rights. All such matters should be carefully considered, and the on-going administrative review process is intended to do this and should be allowed to continue. The draft bill does not do this. Instead of allowing a process that would permit informed decision-making, the bill would eliminate the on-going review process. The bill would further retroactively reinstate the Twin Metals' expired leases, while rewriting the terms of those leases to convert them into ``indeterminate'' leases, while further limiting the federal government's ability to impose conditions on these leases--giving to the company what appears to be essentially a perpetual right to the federal minerals on these lands. Further, the bill would do the same for all other unidentified leases that may now exist on National Forest Service lands within Minnesota, as well as any future such leases. The kind of mining that Twin Metals and Antofagasta propose to develop is dangerous and poses a direct and substantial threat to what has long been recognized as an exceptional and extraordinary wilderness. Those threats should be carefully assessed through the on-going administrative review process. Congress should not enact laws that preclude informed decision-making or which blindly re-write leases, but should allow the federal agencies which have been delegated responsibility for addressing the terms and conditions on which federal lands may be leased, to continue to exercise that authority under existing law. Finally, to the extent that Twin Metals Mine contends that the federal government's decision not to renew its leases is wrong, it has already chosen to raise those claims in federal court, where they are pending. We urge Congress not to proceed with this draft bill. Sincerely, Kevin R. Dupuis, Sr., Chairman. \_\_\_\_ Grand Portage Reservation Tribal Council, Grand Portage, MN, April 29, 2016. Hon. Tom Vilsack, Secretary of ***Agriculture***, U.S Department of ***Agriculture***, Washington, DC. Hon. Christina Goldfuss, Director, Council on Environmental Quality, Washington, DC. Hon. Sally Jewell, Secretary of the Interior, U.S Department of the Interior, Washington, DC. Dear Secretary Vilsack, Secretary Jewell, and Director Goldfuss: The Grand Portage Band (``the Band'') is a federally recognized Indian tribe, as one of the member bands of the Minnesota Chippewa Tribe (``MCT''). The Band, along with two other MCT Bands, Fond du Lac and Bois Forte, retain hunting, fishing, and other usufructuary rights that extend throughout the entire northeast portion of the state of Minnesota under the 1854 Treaty of LaPointe (the ``Ceded Territory''). In the Ceded Territory, all the Bands have a legal interest in protecting natural resources and all federal agencies share in the federal government's trust responsibility to the Bands to maintain those treaty resources. The Band is concerned with the prospect of a series of sulfide-ore mines being developed in the headwaters of the Boundary Waters Canoe Area (``BWCA'') watershed. The BWCA watershed is located on the Minnesota/Ontario border and is entirely within the 1854 Ceded Territory. The BWCA watershed is comprised of a vast area of pristine interconnected waterways that have been used by the Chippewa for centuries. Low buffering capacity of water and soil and the interconnection of lakes and streams, make the BWCA watershed particularly vulnerable to the impacts of mining. Sulfide-ore mines are proposed to be built in the BWCA watershed, immediately adjacent to the BWCA and upstream from it. These mines would threaten to pollute pristine water and damage the important forest habitat used by many types of wildlife. Sulfide-ore mining has a consistent record of devastating environmental harm, including contaminating waters, degrading forests, and predicted, catastrophic spills of toxic materials. There are inherent risks to sulfide-ore mining, and it makes no sense to place what the Environmental Protection Agency calls the nation's most toxic industry in the BWCA watershed and within the Ceded Territory upon which the Band relies. Therefore, the Band is requesting that the Department of interior and Department of ***Agriculture*** take steps to permanently protect the Boundary Waters watershed front [[Page H9503]] sulfide-ore mining. Specifically, we urge you to: 1. Ensure that no leasing of federal minerals occurs within the BWCA watershed by denying applications for new federal mineral leases and federal mineral lease renewals. 2. Withdraw the federally owned minerals within the BWCA watershed from the federal mineral leasing ***program***. 3. Take any additional measures necessary to protect the BWCA watershed from the threat of sulfide-ore mining. We urge you to ensure that the full extent of the risks posed by large-scale sulfide-ore mining in the BWCA headwaters are thoroughly considered in order to determine the best course for the future of the watershed and the tribal communities who rely on its clean water and intact forested habitats to exercise usufructuary rights. Sincerely, Norman W. Deschampe, Chairman. \_\_\_\_ White Earth Reservation Tribal Council, White Earth, MN, May 23, 2016. Hon. Tom Vilsack, Secretary of ***Agriculture***, U.S Department of ***Agriculture***, Washington, DC. Hon. Christina Goldfuss, Director, Council on Environmental Quality, Washington, DC. Hon. Sally Jewell, Secretary of the Interior, U.S Department of the Interior, Washington, DC. Dear Secretary Vilsack, Secretary Jewell, and Director Goldfuss: The Grand Portage Band (``the Band'') is a federally recognized Indian tribe, as one of the member bands of the Minnesota Chippewa Tribe (``MCT''). The Band, along with two other MCT Bands, Fond duLac and Bois Forte, retain hunting, fishing, and other usufructuary rights that extend throughout the entire northeast portion of the state of Minnesota under the 1854 Treaty of LaPointe. In the Ceded Territory, all the Bands have a legal interest in protecting natural resources and all federal agencies share in the federal government's trust responsibility to the Bands to maintain those treaty resources. The Band is concerned with the prospect of a series of sulfide-ore mines being developed in the headwaters of the Boundary Waters Canoe Area (``BWCA'') watershed. The BWCA watershed is located on the Minnesota/Ontario border and is entirely within the 1854 Ceded Territory. The BWCA watershed is comprised of a vast area of pristine interconnected waterways that have been used by the Chippewa for centuries. Low buffering capacity of water and soil and the interconnection of lakes and streams, make the BWCA watershed particularly vulnerable to the impacts of mining. Sulfide-ore mines are proposed to be built in the BWCA watershed, immediately adjacent to the BWCA and upstream from it. These mines would threaten to pollute pristine water and damage the important forest habitat used by many types of wildlife. Sulfide-ore mining has a consistent record of devastating environmental harm, including contaminating waters, degrading forests, and unpredicted, catastrophic spills of toxic materials. There are inherent risks to sulfide-ore mining. and it makes no sense to place what the Environmental Protection Agency calls the nation's most toxic industry in the BWCA watershed and within the Ceded Territory upon which the Band relies. Therefore, White Earth is requesting that the Department of Interior and Department of ***Agriculture*** take steps to permanently protect the Boundary Waters watershed from sulfide-ore mining. Specifically, we urge you to: 1. Ensure that no leasing of federal minerals occurs within the BWCA watershed by denying applications for new federal mineral leases and federal mineral lease renewals. 2. Withdraw the federally owned minerals within the BWCA watershed from the federal mineral leasing ***program***. 3. Take any additional measures necessary to protect the BWCA watershed from the threat of sulfide-ore mining. We urge you to ensure that the full extent of the risks posed by large-scale sulfide-ore mining in the BWCA headwaters are thoroughly considered in order to determine the best course for the future of the watershed and the tribal communities who rely on its clean water and intact forested habitats to exercise usufructuary rights. Sincerely, Steven ``Punky'' Clark, Vice-Chairman. \_\_\_\_ Sportsmen for the Boundary Waters, Ely, MN, November 28, 2017. Dear Representative: On behalf of our millions of members and supporters, we urge you to OPPOSE H.R 3905, the so- called ``Minnesota's Economic Rights in the Superior National Forest Act'' when it is considered on the House floor. Simply put, H.R 3905 is a bill to allow sulfide-ore mining at the edge of the Boundary Water Canoe Area Wilderness (BWCAW), directly threatening one of America's most accessible and most-visited wilderness areas. At 1.1 million acres in size, the BWCAW is the largest wilderness east of the Rockies and north of the Everglades. This interconnected system of lakes, rivers, and streams provides unparalleled opportunities for solitude, recreation, hunting and fishing. The connections between Northern Minnesota's national forests, Boundary Water Canoe Area Wilderness, Voyageurs National Park, and Quetico Provincial Park makes this entire trans boundary area extremely susceptible to the threat of pollution from sulfide-ore mining, one of the most toxic industries in America, according to the EPA. H.R 3905 would require congressional approval of any mineral withdrawal or monument designation involving National Forest System lands in the State of Minnesota and would provide for the perpetual renewal of federal mineral leases in Minnesota, including two that were denied by the Forest Service and the Bureau of Land Management. The bill undermines the Antiquities Act, National Environmental Policy Act, Federal Land Policy and Management Act, Boundary Waters Wilderness Act, and other laws regulating mineral leasing in Minnesota's national forests. Contrary to the bill's title, H.R 3905 would do more harm than good for the economy of Northern Minnesota. Economic analysis by Key-Log Economics LLC shows that sulfide-ore mining on Superior National Forest lands in the watershed of the Boundary Waters could lead to the loss of nearly 5,000 jobs in tourism, 5,000 to 22,000 jobs in the rest of the economy, a $1.6 billion loss in annual income, and a $500 million reduction in private property values. Specifically, we urge opposition to this bill because it would: Renew two expired and undeveloped mineral leases on Superior National Forest lands next to the Boundary Waters and along lakes and rivers that flow directly into the Wilderness, advancing a foreign mining company's interests at the expense of beloved American public lands. Void the December 2016 record of decision by the Forest Service withholding its consent to two mineral lease renewal requests in the Superior National Forest due to the unacceptable risks to this watershed, which according to the Forest Service holds 20 percent of the National Forest System's fresh water supply. Undermine the National Environmental Policy Act by limiting review of these two mineral leases to a 30-day environmental assessment. Contrary to the bill language, there is no `pending EA.' However, this section would override the ongoing two-year Environmental Impact Statement (EIS) initiated by the Forest Service and Bureau of Land Management to carefully consider the potential impacts of sulfide-ore mining on the Boundary Waters watershed. The ongoing EIS is strongly supported by Minnesota's Governor Dayton and by the citizens of Minnesota. More than 79% of Minnesota voters support the study, while more than 126,000 citizens submitted comments during the scoping phase. Amend the 1906 Antiquities Act by mandating Congressional approval for any national monument designations in Minnesota's national forests. The Antiquities Act is a bipartisan conservation law, which has been used by Presidents of both parties, to protect irreplaceable federal lands from potential threats. Monument designation under the Antiquities Act have provided protections for areas including the Grand Canyon, Acadia, Zion, Muir Woods, and Olympic National Parks. Quite simply, this attack on the Antiquities Act is an attack against our national parks and monuments. Amend the 1976 Federal Land Policy and Management Act (FLPMA) by mandating Congressional approval for mineral withdrawals in Minnesota's national forests. Additionally, FLPMA intentionally left intact the presidential power to protect public lands as monuments. Bar the Forest Service from complying with its legal obligations under the 1978 Boundary Waters Wilderness Act. In this Act Congress requires the Forest Service to maintain the high-water quality of the Boundary Waters and a Mining Protection Area within the Superior National Forest. The Forest Service concluded that sulfide-ore mining near the Boundary Waters would be ``contrary to Congress' determination that it is necessary to `protect the special qualities of the [BWCAW] as a natural forest-lakeland wilderness ecosystem of major esthetic, scientific, recreational and educational value to the Nation.' '' Make all mineral leases on Minnesota's national forests essentially perpetual. The `perpetual' nature of these leases is material change in long-standing mineral leasing law and policy. The bill would also override the two laws (1946 and 1950) on mineral leasing in Minnesota's national forests that require Forest Service consent to any mining. Ignore the request of the International Joint Commission that environmental review of impacts on trans boundary water quality and cumulative effects be studied and the requests of four tribal entities (the area is Ceded Territory). Thank you for considering our concerns. In order to adequately protect iconic places like the Boundary Waters, Voyageurs National Park, and all of Minnesota's public lands, and bedrock environmental laws like the Antiquities Act and the National Environmental Policy Act, we urge you to OPPOSE H.R 3905. Sincerely, Backcountry Hunters & Anglers. National Wildlife Federation. Theodore Roosevelt Conservation Partnership. Fly Fishers [[Page H9504]] International. Minnesota Division, Izaak Walton League of America. American Fly Fishing Trade Association. Pope and Young Club. Keepitpublic.org \_\_\_\_ Girl Scouts of Minnesota and Wisconsin Lakes and Pines, November 26, 2017. Dear Member of Congress, I am writing to request you vote no on H.R 3905, which is a bill that would stop a 2-year Forest Service study of environmental, economic, and social risks to the Boundary Waters from sulfide-ore copper mining on Superior National Forest lands in the headwaters of the Boundary Waters Canoe Area. For over fifty years, Northern Lakes Canoe Base has offered wilderness canoe trips in the Boundary Waters Canoe Area Wilderness (BWCAW). I guided Girl Scout canoe trips for five years and have directed our wilderness ***program*** for 7 years and am writing this letter to describe the strengths of this ***program*** to you and to underscore the fact that this one-of-a- kind ***program*** cannot exist anywhere other than the Boundary Waters. Girls who come on our canoe trips may have had basic camping and canoeing experiences, but few have experience in wilderness travel. We typically serve 150-200 girls a summer. In general, girls travel in wilderness areas less than boys. Even in 2017, girls are taught to think that the outdoors is no place for a girl because it is hard work, dirty, and going to the mall is just much easier. We teach teenage girls, in a girl-only environment, that their individual strength and the power of teamwork is far greater than they ever imagined. They also learn that hard work and dirt is part of the fun on a Boundary Waters canoe trip, and they leave with an appreciation for the beauty of wilderness and an understanding of the challenges they now know they can overcome. Girl Scout wilderness canoe trips bring out the best in teenage girls; we see how creative, hardworking, and kind they can be to each other. It doesn't take much imagination to believe that these traits will follow them back to their everyday life. We are a high quality, affordable ***program*** and pride ourselves on our thriftiness. We use our canoes for 20+ seasons and packs and paddles summer after summer. We do this so we can serve girls from all economic backgrounds, including local iron range and Native American communities. For years we have received feedback from participants crediting their Boundary Waters experience for continued, life-long growth. Our ***program*** cannot exist somewhere other than the Boundary Waters Canoe Area Wilderness. No other place on earth offers the perfect combination of accessibility and high adventure that the BWCAW offers. Many of our participants drive to Ely from Chicago, Milwaukee, and Minneapolis. Many others fly to Minneapolis and then rent a car to get to Ely. Unlike many other wilderness areas which may be high on a mountain range or only accessible by high- clearance vehicles, it is easy for a mom or dad to drive a van full of girls to the Boundary Waters, send them on a trip, and then pick them up a week later. The Boundary Waters is also unique in that, unlike many other wilderness areas, visitors don't require any previous experience or training to have a safe, adventurous trip. Anyone seeking adventure and challenge belongs on a canoe trip, not just body builders and endurance athletes. We have even seen that a Girl Scout canoe trip sometimes inspires girls who may be uninterested in athletics or leadership to seek out their own creative ways to be active and healthy, leading to improved confidence and greater aspirations. Again, it doesn't take much imagination to conclude that girls who experience wilderness travel will go on to make the world a better place. Girl Scouts canoe trip participants always remark that the solitude they find in the Boundary Waters is unlike any they have found elsewhere, whether at their own Girl Scout resident camp or a state or national park. The quiet environment of a protected wilderness area gives them an opportunity to reflect on their life in a way that they could not in a non-wilderness setting. Girl Scouts end their canoe trip with a swagger to their step, ready to take on any challenge that comes their way. Thank you for doing your part to preserve the Boundary Waters Canoe Area Wilderness by voting no on H.R 3905. It means a lot to all of us in Ely whose ***programs*** and businesses are focused around wilderness travel. Sincerely, Ann McNally, Northern Lakes Canoe Base Summer ***Program*** Director/Guide. \_\_\_\_ November 28, 2017. Dear Representative: Representative Tom Emmer's bill, H.R      3905, is a dangerous piece of legislation that endangers the public land we as veterans fought to protect. This bill would allow a foreign mining conglomerate, Antofagasta, to build dangerous copper-nickel mines in the headwaters of America's most visited Wilderness Area, the Boundary Waters Canoe Area Wilderness in Northeastern Minnesota. On behalf of Veterans for the Boundary Waters, I urge you to vote no on H.R 3905. The Boundary Waters is a place of healing for many veterans suffering from trauma or having difficulty readjusting to life at home. The peace found in this Wilderness is priceless, and if destroyed, we will be robbing future veterans of their chance to heal. One specific camp, Voyageur Outward Bound School (VOBS), provides vets-only trips to help veterans readjust to life at home through Wilderness experiences. This ***program*** has been incredibly successful. Unfortunately, VOBS is located on the same lake as the proposed mines and, if passed, H.R 3905 would cause this camp to shut down, eliminating hundreds of American jobs by moving to Canada, and eliminating and the opportunity for veterans to take advantage of these incredibly beneficial ***programs***. If passed, H.R 3905 would have severe negative consequences for veterans in Minnesota and across the country. The Boundary Waters and Voyageurs National Park are public lands that are meant to be protected for veterans and their families to enjoy. H.R 3905 would endanger these public lands and prohibit future generations of veterans from experiencing these national treasures. We have an obligation to honor our nation's veterans by protecting the same public lands they fought for. Again, please VOTE NO on H.R 3905. Sincerely, Erik Packard, Staff Sergeant U.S Army and Army Reserve 1996-2004, 2006-2013; Joe Banavige, US Army Officer, Desert Storm 1st Armored Division; Craig Shaver, US Marine Corps Infantry, Operation Enduring Freedom; Sergio Manacero, 1st Combat Engineer Batallion, 1st Marine Division. \_\_\_\_ November 6, 2017. Re: H.R 3905. Member of the U.S House Natural Resources Committee, House of Representatives, Washington, DC. Dear Member of the U.S House Natural Resources Committee: The undersigned coalitions, organizations, and businesses represent approximately 18 million sportsmen and sportswomen, 282 businesses, and the broad spectrum of users of the Boundary Waters Canoe Area Wilderness from across America. We stand united in strong opposition to H.R 3905. H.R 3905 would require congressional approval of any mineral withdrawal or monument designation involving National Forest System lands in the State of Minnesota and would provide for the renewal of two federal mineral leases that were denied by the Forest Service and the Bureau of Land Management. Specifically, the bill would: Renew two mineral leases on Superior National Forest lands next to the Boundary Waters and along lakes and rivers that flow directly into the Wilderness. The now-expired mineral leases have never been developed into a mine. Void the 18-page record of decision by the Forest Service withholding its consent to two mineral lease renewal requests. Peer-reviewed science documents that sulfide-ore copper mining on these lease areas would pollute the Boundary Waters. An overwhelming majority of the public supports this decision and by more than two to one, opposes copper mining near the Boundary Waters (2017 Fabrizio Ward poll). Undermine the National Environmental Policy Act by limiting review of these two mineral leases to a 30-day environmental assessment. Contrary to the bill language, there is no `pending EA.' The expired mineral leases have never undergone environmental review. Scientific evidence documents the potential for negative environmental harm to a national wilderness area (Boundary Waters) and a national park (Voyageurs National Park) if mining were allowed on these lease areas, and NEPA requires unrestricted environmental review. Make all mineral leases on Minnesota's national forests essentially perpetual. The `perpetual' nature of these leases is material change in long-standing mineral leasing law and policy. Over-ride the two laws (1946 and 1950) on mineral leasing in Minnesota's national forests that require Forest Service consent to any mining. Amend the 1906 Antiquities Act by mandating Congressional approval for any national monument designations in Minnesota's national forests. Amend the 1976 Federal Land Policy and Management Act by mandating Congressional approval for mineral withdrawals in Minnesota's national forests Bar the Forest Service from complying with its legal obligations under the 1978 Boundary Waters Wilderness Act. Ignore the request of the International Joint Commission that environmental review of impacts on transboundary water quality and cumulative effects be studied and the requests of four tribal entities (the area is Ceded Territory). The Boundary Waters is the most-accessible and most-visited Wilderness area in the nation. It draws 155,000 visitors every year and provides unparalleled backcountry opportunities. At 1.1 million acres in size, it is the largest Wilderness east of the Rockies and north of the Everglades. The vast network of lakes, rivers, and streams that gives the Boundary Waters its name is the basis of our strong canoe culture. The Boundary Waters includes 1,200 miles of canoe and kayak routes and 2,000 designated campsites, and is home to some of the finest backcountry angling and hunting in the nation. Sportsmen and women ply the clean waters and healthy forests of the Wilderness in pursuit of walleye, bass, pike, trout, bear, deer, grouse, and wild rice. [[Page H9505]] The scientific evidence of harm to the Boundary Waters from sulfide-ore copper mining in the watershed is strong. Hydrologists say that pollution is inevitable--it is not `if' but `when.' Hardrock mining is the most toxic industry in America, according to the EPA. The acid mine drainage associated with this type of mining harms water, aquatic and terrestrial species, forests, and soils, and poses a serious risk to human health. Scientific and economic studies show that sulfide-ore copper mining along lakes and streams that flow directly into the Boundary Waters puts at risk not only our premiere fishing, hunting, and recreation on Superior National Forest lands, but also the strong, stable economy of Northeastern Minnesota. Economic analysis by Key-Log Economics LLC shows that sulfide-ore copper mining on Superior National Forest lands in the watershed of the Boundary Waters could lead to the loss of nearly 5,000 jobs in tourism, 5,000 to 22,000 jobs in the rest of the economy, a $1.6 billion loss in annual income, and a $500 million reduction in private property values. H.R 3905, an ill-advised effort to advance a foreign mining company's interests at the expense of beloved public lands, would gut long-standing and powerful national conservation laws and undermine recent decisions by the Department of Interior and Department of ***Agriculture*** to take a two-year pause in mining-related activity to analyze the risks of sulfide-ore copper mining in the watershed of the Boundary Waters. ***Agriculture*** Secretary Perdue and Interior Secretary Zinke support the ongoing Forest Service two-year study. H.R 3905 would remove authority for them and their agencies to make appropriate and reasonable decisions to manage the Superior National Forest and the Boundary Waters. The ongoing two-year Forest Service study was initiated by the Forest Service and the Bureau of Land Management after careful consideration of the potential impacts of sulfide-ore copper mining in the Boundary Waters watershed. It is strongly supported by Minnesota's Governor Dayton and by the citizens of Minnesota. More than 79% of Minnesota voters support the study. More than 126,000 citizens submitted comments during the scoping phase and more than 3,000 people participated in three Forest Service listening sessions and, by a margin of nearly two-to-one, testified in support of protecting the Boundary Waters. Sincerely, Sportsmen for the Boundary Waters, By Jason Zabokrtsky, Chair, Representing 15 hunting and fishing organizations; Boundary Waters Business Coalition, By Steve Piragis, Chair, Representing 282 businesses from Minnesota and throughout America; Campaign to Save the Boundary Waters; By Becky Rom, Chair; Representing 26 conservation organizations; Veterans for the Boundary Waters; By Erik Packard, Chair, Representing military veterans; Girl Scouts and Boy Scouts for the Boundary Waters, By Ann McNally, Chair. Ms. McCOLLUM. Mr. Speaker, I urge all of my colleagues to join them and to join me in opposing this bill, and I thank the gentleman from California for the time. {time} 1545 Mr. GOSAR. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. LaMalfa). Mr. LaMALFA. Mr. Speaker, as a Californian who lives in a very rural part of the State that is economically in huge pain, when I see an opportunity for people in rural America to prosper, to do well, I see, in H.R 3905, again, this opportunity for the people in Minnesota. The MINER Act, introduced by the gentleman from Minnesota (Mr. Emmer), will put it on the right track toward being able to extract the minerals that are needed for production of taking raw materials and making them into finished products here in the United States. This bill addresses a 230,000-acre mineral withdrawal from Superior National Forest in Minnesota, which, really, it is about jobs and economic growth, while also maintaining clear standards for all projects across the Nation. Indeed, this is a very narrow bill. It explores the possibilities, which is only a small step. Indeed, if mining was to occur, there is a litany of permits, years of process required to take that following step. Indeed, the arbitrary decision, the day before President Obama left office, halted a $400 million project, jeopardized 17,000 American jobs, cut $3 billion from K-12 schools, and slashed $2.5 billion annually from local governments and the State. These types of effects I feel in my own district where our industries have been taken away. Any time there is a proposal to do anything like that, whether it is timber harvest, mining, or whatever, you then hear about how the whole zone is pristine and unique, never been touched. These operations can happen environmentally correctly, environmentally soundly, and that is the standard for which we have in this country, is that we will do things correctly now, and we will put them back when we are done. Though a 20-year moratorium was imposed on the area, similar ***plans*** for mining have previously been approved by Congress twice. Mining operations across the country already commit to a strict environmental review process to ensure the public safety and the protection of natural resources, as we all expect. You mine an area under the strict guidelines, and you reclaim it. In most cases, mining companies must also put up bonds to pay for cleanup, sometimes for billions of dollars before a single shovel is ever turned. In this case, we are talking about exploration of the area to see what the potential is. This bill does not overturn existing Federal, State, or local environmental reviews. Instead, it ensures all projects are held to clear, consistent requirements, not arbitrary political decisions. Allowing politicians to prohibit one project or another, based solely on a whim, goes against American ideals of fairness and equal opportunity. These minerals are essential to our economy. To those claiming that mining will damage the environment, I would ask you this: Where would you prefer that these minerals come from? Do you want the mining to occur here in America, under these kinds of strict guidelines, bring American jobs to the front; or do we want to do it elsewhere in the world, places like China and others that have little respect for the environmental process or review or operations that are sustainable? I think we should have it here. Where would you have us get our minerals? Where would you have us get the rare earth materials that are needed for production of new technologies? H.R 3905 protects Minnesota's economy, schools, and State budget; it protects the rule of law; and it protects the domestic access to these important materials and minerals we need to have our economy get stronger--a very narrow scope; it is sound legislation and sound policy. Mr. Speaker, I urge swift passage of this important legislation. Mr. LOWENTHAL. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. Paulsen). Mr. PAULSEN. Mr. Speaker, I want to speak in opposition to this legislation, and here is why: it threatens Minnesota's Boundary Waters Canoe Area; it stops the scientific environmental review that is going on right now; it weakens the Antiquities Act; and it singles out Minnesota's national forests as not being allowed the same environmental protections that national forests in every other State receive. Now, northern Minnesota has a rich history of taconite mining. But the mine that is being proposed on the doorstep of the Boundary Waters, America's most-visited wilderness, is a massive copper-sulfide mine, something we have no history of in Minnesota. It would threaten some of the cleanest and most pristine water and lakes in the country. Today, there is a 2-year review going on of the mining leases to analyze the risks of copper-sulfide mining in the watershed of the Boundary Waters. It is based on science. It is supported by Secretary Perdue. It is supported by Secretary Zinke. And I should note that Secretary Zinke is supporting a similar review of a proposed mine in Montana that borders Yellowstone National Park. But this bill halts that scientific review and automatically grants the leases for the mine. If this becomes law, Minnesota's land and water would be singled out as not worthy of the exact same environmental review and protections that exist in every other State in the country. It carves out a special exemption for Minnesota from the Antiquities Act, which has been used on a bipartisan basis by 16 Presidents as a conservation tool to protect America's history for future generations. And why should the land and history in Minnesota be less worthy of protection? There are the public comments from more than 100,000 people, Mr. Speaker, that would be tossed aside. Mr. Speaker, the Boundary Waters is Minnesota's Yellowstone. Hundreds of thousands of people canoe and fish [[Page H9506]] there annually every year. It is a national treasure. Some of the best memories of my life have taken place in the Boundary Waters as I grew up or, now, with my daughters. We owe it to future generations to understand the impact that copper-sulfide mining poses to the Boundary Waters Canoe Area; and that is why I am voting ``no'' on a bill that undermines science and puts Minnesota's water at risk. Mr. GOSAR. Mr. Speaker, I yield 4 minutes to the gentleman from Arkansas (Mr. Westerman). Mr. WESTERMAN. Mr. Speaker, I thank the gentleman from Arizona (Mr. Gosar), my friend and colleague, for yielding me this time. Mr. Speaker, I rise today in support of H.R 3905, the Minnesota's Economic Rights in the Superior National Forest Act, or the MINER Act. This act does not remove or reduce the permitting requirements should a future project ultimately be developed in the Superior National Forest. But nearly a year after President Obama's departure from the White House, I stand before this body to speak in favor of a bill that would rectify an injustice placed upon Minnesotans by the previous administration. As we have heard throughout this debate, on President Obama's last day in office, the previous administration pulled such a politically motivated stunt that appears more as a thumb-in-the-eye of hardworking Minnesotans than sound policy. Without a second thought, and one stroke of his pen, President Obama proposed withdrawing over 200,000 acres from future mineral exploration while, simultaneously, rejecting a renewal application for a hard rock mining operation that had been renewed in 1989 and 2004, without controversy. This decision endangered thousands of jobs. These are good-paying jobs that are significantly higher than the median average wage in Minnesota and the United States. Additionally, that decision could devastate the State's permanent school trust fund that will support nearly 900,000 K-12 students statewide if the withdrawal application and canceled leases are not rejected. At a time when it is vital that our teachers and students are given the resources they require, it would be foolish to allow this to take place. Some may ask why a Member from Arkansas would care about this decision. It is close to 1,000 miles away from my district to the Superior National Forest. The answer though is twofold, and it is simple. The first, it restores Federal land management oversight back to where it belongs, the United States Congress. H.R 3905 will prevent executive order overreach by requiring congressional approval of all mineral or monument withdrawals within National Forest System lands in Minnesota and reverses the unwarranted action taken under the Obama administration to unilaterally block responsible mineral development in the Superior National Forest. Secondly, as someone who represents communities, counties, and schools that depend on the safe, responsible harvest and mining of our natural resources, I understand the real devastation that will take place, not only in Minnesota, but possibly in my district and other areas across the country if H.R 3905 is not passed. Mr. Speaker, for the protection of our constitutional system of checks and balances, and preservation of rural economies, I believe that it is vital that we pass this piece of legislation. I encourage my colleagues to vote in favor of H.R 3905. Mr. Speaker, I include in the Record a letter from 53 bipartisan Minnesota State legislators, a letter from Jobs for Minnesotans, and a letter from the Minnesota Pipe Trades Association. November 27, 2017. Congressman Tom Emmer, Washington, DC. Dear Congressman Emmer: As elected leaders of the Minnesota Legislature, we are writing in strong support of H.R 3905. This legislation supports jobs, economic development and industry in Northeast Minnesota, and will reverse an onerous, overreaching and politically-motivated decision by the Obama Administration that withdrew nearly 240,000 acres of federal lands and minerals from potential development. H.R 3905 will halt these last-minute land withdrawals, reinstate leases affected by that decision including the Twin Metals' lease, and require congressional approval for any future withdrawal actions. The decision by the Obama Administration last January put jobs and nearly $2.5 billion of our state's economy at risk. Furthermore, it risked the depression of the precious metals, technology, infrastructure and manufacturing industries in our state, and the economic well-being of Northeast Minnesota--a region where mining has been an economic anchor since the late nineteenth century. And that's not to mention the estimated four billion ton deposit of copper, nickel, and other ***strategic*** minerals located within the Duluth Complex which could generate as much as $3 billion in royalty revenues for the state's Permanent School Trust Fund-- resources that would support education for nearly 900,000 K- 12 students across the state. H.R 3905 also reaffirms our shared commitment to the protection of our environment and support of a thorough and proper environmental review process for the mineral leases, as well as upholds our state's commitment to restricting mineral development in the Boundary Waters Canoe Area Wilderness and Mine Protection Area. The expansion of the precious metals mining industry offers generations of Minnesotans thousands of good-paying jobs, billions of dollars in investment in industry, and billions of dollars in revenue for Minnesota schools. Moreover, it provides an incredible opportunity to further establish our nation's economic and energy independence from foreign nations. The decision to remove vast amounts of federal land from potential development and blocking the Twin Metals' federal mineral lease renewal was short-sighted and damaging. H.R 3905 has our bipartisan support, and it is our sincere hope that it will become law for the well-being of our state and its citizens. Sincerely, Rep. Kurt Daudt, Speaker of the House; Rep. Joyce Peppin, Majority Leader Leader; Rep. Dan Fabian, Environment Committee Chair, House District 1A; Sen. Bill Ingebrigtesen, Environment Committee Chair, Senate District 8; Rep. Pat Garofalo, Jobs and Energy Committee Chair, House District 58B; Sen. Jerry Newton, Senate District 37, Legislative School Trust Commission; Rep. Julie Sandstede, House District 6A, Legislative School Trust Commission; Sen. Paul Gazelka, Majority Leader; Sen. Tom Bakk, Senate District 3; Rep. Chris Swedzinski, Mining and Outdoor Recreation Chair, House District 16A; Sen. David Tomassoni, Environment Committee Ranking Member, Senate District 6; Rep. Rob Ecklund, Assistant Minority Leader, House District 3A; Rep. Sandy Layman, House District 5B, Legislative School Trust Commission; Rep. Dale Lueck, House District 10B, Legislative School Trust Commission; Sen. John Hoffman, Senate District 36, Legislative School Trust Commission. Rep. Brian Daniels, House District 24B; Rep. Brian Johnson, House District 32A; Rep. Rod Hamilton, House District 22B; Rep. Sondra Erickson, House District 15A; Rep. Bob Gunther, House District; Rep. Steve Drazkowski, House District 21B; Sen. Justin Eichorn, Senate District 5, Legislative School Trust Commission; Rep. Jim Nash, House District 47A; Rep. Jason Rarick, House District 11B; Rep. Mary Franson, House District 8B; Rep. Jon Koznick, House District 58A; Rep. Paul Torkelson, House District 16B; Rep. Tony Albright, House District 55B; Rep. Bob Dettmer, House District 39A; Rep. Josh Heintzeman, House District 10A; Rep. Kathy Lohmer, House District 39B; Rep. Linda Runbeck, House District 38A; Rep. Bob Loonan, House District 55A; Rep. Glenn Gruenhagen, House District 18B; Rep. John Poston, House District 9A; Rep. Cal Bahr, House District 31B. Rep. Cindy Pugh, House District 33B; Rep. Roz Peterson, House District 56B; Rep. Barb Haley, House District 21A; Rep. Deb Kiel, House District 1B; Rep. Matt Dean, House District 38B; Rep. Dean Urdahl, House District 18A; Rep. Tama Theis, House District 14A; Rep. Steve Green, House District 2B; Rep. Matt Bliss, House District; Rep. Mike Sundin, House District 11A; Rep. Dave Baker, House District 17B; Sen. Mary Kiffmeyer, Senate District 30; Sen. Jerry Relph, Senate District 14; Rep. Tim Miller, House District 17A; Rep. Mary Kunesh-Podein, House District 41B, Legislative School Trust Commission; Sen. Mark Johnson, Senate District 1; Sen. Paul Utke 2, Senate District. \_\_\_\_ Jobs for Minnesotans, Nov. 22, 2017. Re In Support of MINER Act. Hon. Erik Paulsen, House of Representatives, Washington, DC. Dear Congressman Paulsen: I'm writing on behalf of legislation described below but wanted to let you know I had submitted a request to meet in person, as I ***plan*** to be in Washington the week after Thanksgiving. I hope you have time to meet with me. Thank you for considering. On behalf of the coalition Jobs for Minnesotans, which represents business, labor and communities across the state, I am writing in strong support of H.R 3905, the Minnesota's Economic Rights in the Superior National Forest Act, known as the MINER Act. This bipartisan legislation sponsored by Congressman Tom Emmer (MN-6th) and co-sponsored by Congressmen Collin Peterson (MN-7th), Jason Lewis (MN-2nd) and Paul Gosar (AZ-4th) seeks to ensure the proper consideration of future job growth and economic opportunity in northeastern Minnesota by requiring congressional approval [[Page H9507]] of any mineral withdrawal or monument designation involving the National Forest System lands in the state. It also provides for the renewal of certain mineral leases and ensuring that future leases in northeastern Minnesota remain valid and renewed as outlined by current law. H.R 3905 is currently before the House Rules Committee and is expected to reach the House floor in coming weeks. H.R 3905 leaves intact existing environmental review processes and standards and restates Congress' prohibition of any mining activity in the Boundary Waters Canoe Area Wilderness (BWCAW) and surrounding protective buffer. As such, it reaffirms long-standing Congressional intent in management and development of critical minerals in Minnesota and cuts bureaucratic delays in assessing responsible mine project proposals. Unfortunately, federal agency actions in December 2016 jeopardized the economic future of the region by canceling valid, long-standing federal mineral leases and withdrawing 235,000 acres of federal land in the region from future mining development. This was contrary to the previous directives by Congress in 1950 and again in 1978. In 1950 Congress made land available for mineral exploration and development within the Superior National Forest (SNF) within the Iron Range region. In 1978, while Congress prohibited mining within the BWCAW and an adjacent protective buffer zone, it also reaffirmed that mining should be allowed and promoted in the remaining area of the SNF. The agency actions in 2016 would block the potential creation of thousands of jobs, billions of dollars in economic growth, and billions more in revenues for Minnesota's public schools through mineral development on state school trust lands. H.R 3905 aims to correct these injustices, which is why we strongly urge you to cast your vote in support of it. Thank you very much. Sincerely, Nancy Norr, Board Chair, Jobs for Minnesotans. \_\_\_\_ Minnesota Pipe Trades Association, November 28, 2017. House of Representatives, Washington, DC. Dear Representative: On behalf of more than 9500 men and women working in various piping related industries throughout the state of Minnesota, I am writing to express our support of H.R 3905, Minnesota's Economic Rights (MINER) in the Superior National Forest Act. On January 5, 2017, the previous administration proposed a 234, 328-acre federal mineral withdrawal of National Forest System lands, for a 20-year term, within the Rainy River Watershed in the Superior National Forest. The action immediately placed this area off limits to development for up to two years while the withdrawal is considered. The total withdrawal application boundary spans 425,000 acres, including 95,000 acres of state school trust fund lands. With this policy in place, Minnesotans lost their mineral rights. Unable to utilize these natural resources, 17,000 jobs are at risk and roughly $2.5 billion of economic activity is jeopardized. Many members of the Minnesota Pipe Trades Association are depending on these jobs. The Minnesota Pipe Trades Association (MPTA) fully supports the thorough regulatory process in place in the State of Minnesota. It is our belief this process is adequate in determining whether a project should move forward. or not. As a result, MPTA is in support of H.R 3905, Minnesota's Economic Rights (MINER) in the Superior National Forest Act, and urge the immediate passage of this bi-partisan legislation. Sincerely, David M. Ybarra II, President, Minnesota Pipe Trades Association. Mr. LOWENTHAL. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. Ellison). Mr. ELLISON. Mr. Speaker, one of the things that I am most proud of is being from Minnesota. What a beautiful State that we have. People joke about how cold it is in the wintertime, but let me tell you, Minnesota is awesome all year round. One of the things that we are so proud of is the Boundary Waters. Mr. Speaker, look at this picture. This is no glossed-up photo. This is what it looks like. It is awesome. Back before I was in Congress, I was able to bring young people to the Boundary Waters who were court-involved. Mr. Speaker, one day a judge asked me: Hey, Ellison, come up here. You want to take some kids to the Boundary Waters? I said: Fine. I kept doing it for 5 years straight because I loved the place. Yet this bill will perhaps damage all that, all that beauty, that gem of our State, which not only is a beautiful place that needs to be preserved for people, but also is a job-generator. A lot of people earn good livings because of the Boundary Waters, and if we just do this, pass this bill, what it will do is jeopardize their livelihood and our crown jewel of our State. This bill will grant a mining company the right to build sulfide-ore copper mines along rivers and lakes that flow directly into the Boundary Waters. Sulfide-ore copper mining has never been done without polluting water, and thousands of communities and wildlife will be at risk. When you mine sulfide ore, water and air interact to create sulfuric acid. One leak or spill would contaminate substantial portions of the Boundary Waters, decimating wildlife and habitat, and destroying the livelihoods of so many Minnesota workers. The Boundary Waters, the waters of the Boundary Waters, are especially vulnerable to acid mine drainage because they lack a buffering capacity. This bill is a bad idea, and I urge Members to vote ``no.'' This bill will undermine core environmental laws, including the Antiquities Act, the Federal Land Policy and Management Act, and the National Environmental Policy Act. The Antiquities Act is a bipartisan conservation law to protect irreplaceable Federal lands, including in the Grand Canyon, Acadia Forest, Zion, Muir Woods in California, and the Olympic National Parks. If they undermine the Antiquities Act, what else is in danger? Well, I would say every national treasure of the United States. This attack on the Antiquities Act is an attack against our national parks and monuments, making this not only a Minnesota issue, but a national issue. This bill would permanently lock in all mineral leases on Minnesota's national forests by overriding two laws on mineral leasing in Minnesota's national forests that require Forest Service consent to any mining. They don't want to go around the regular process. They want to use Congress to short-circuit that process. If you have never been to the Boundary Waters, as I said, I urge you to go there. If you vote ``no'' on this bill, you will not just be protecting the Boundary Waters for yourself and people around all over the United States, you will be protecting it for your grandchildren. Much is said here about children and grandchildren. Think about the Boundary Waters when you think about the legacy that we are leaving our grandchildren and how H.R 3905 would destroy and jeopardize that legacy. Economic analysis by Key-Log Economics shows that sulfide-ore mining on the Superior National Forest lands and the watershed of the Boundary Waters could lead to a loss of 5,000 jobs in tourism, 5,000 to 20,000 jobs in the rest of the economy. {time} 1600 As people tout this bill as a job creator, it is a job destroyer. I would tell you that, if you are an outfitter or you are a wilderness guide or you are a forest ranger, your job is just as important as anybody else's. What this bill is saying is, no, your job is no good. Nobody cares about it. Only the mine companies' interests are important. We could stand to lose $1.6 billion in annual income and $500 million in reduction in private property values because of this piece of legislation. We shouldn't have to choose between a robust economy and a clean environment. We can and must have both. Saying ``no'' to this piece of legislation gives us a chance at both. Voting for it makes us pick one over the other, and not just economic interests, but certain interests--not everyone's. The SPEAKER pro tempore. The time of the gentleman has expired. Mr. LOWENTHAL. Mr. Speaker, I yield an additional 1 minute to the gentleman from Minnesota. Mr. ELLISON. Mr. Speaker, I thank the gentleman for yielding me the extra time. Mr. Speaker, the Forest Service and the Bureau of Land Management are studying this issue, but the author doesn't want to wait for the study because he knows the study is not going to help. They just want to drive this mine straight through without doing the proper care. More than 126,000 Americans participated in the study and asked for protection of the Boundary Waters. Minnesota voters oppose copper mining near the Boundary Waters by more than 2 to 1, and 79 percent support the current study. [[Page H9508]] Mr. Speaker, I urge my colleagues to vote ``no'' on this. This is a bad bill. It is not good legislation, and the damage it will do is not Republican nor is it Democratic. It is American. Vote ``no.'' Mr. GOSAR. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. Emmer), the originator of this bill. Mr. EMMER. Mr. Speaker, I thank the gentleman for the additional time, and I recognize my esteemed colleague, the Representative from Minnesota, for his love of the Boundary Waters that we both share. Mr. Speaker, I want to address the Representative from California first on the claim that H.R 3905 solely benefits a foreign mining company. I think you should ask the people of our State. You should ask a gentleman by the name of Dan Forsman, who, as a Minnesotan, has a family heritage of benefiting by mining in our State. He was recently ridiculed by environmentalists in The New York Times because, while he loves the place where he lives, he also wants to make a living in the place where he lives. There are several other companies exploring the area. Teck has nonferrous mineral holdings within the proposed withdrawal, the potential development of which would be greatly impacted by the withdrawal. Encampment Minerals, Inc., also has a nonferrous mineral holding within the withdrawal area and is awaiting Federal agency action on a submitted preference right lease application. Future expansion of the Northshore Mining taconite mine could extend into the withdrawal area and, thus, be impacted by the withdrawal. PolyMet has invested hundreds of millions on projects that will be negatively impacted by the proposed mineral withdrawal, one of which we voted on here last night. Further, the withdrawal proposal will seriously hinder the State's ability to seek mineral development of more than 90,000 acres of State school trust fund lands within the withdrawal area. Twin Metals is a Minnesota company and has been part of the northeastern Minnesota community for 10 years. The company has invested more than $400 million in project development activities, investing in new facilities in the city of Ely, providing local employment opportunities and supporting hundreds of local jobs in the construction, consulting, and contracting sectors. By the way, they also support all the outfitters, the wonderful businesses of tourism. Twin Metals has also contributed more than $320,000 to local philanthropic needs and organizations. Mr. Speaker, I would add that nothing in this bill alters any current environmental law or protection. The Antiquities Act, the Federal Land Policy and Management Act, NEPA, and all the other laws still apply to Minnesota. At the end of the day, we are protecting the Boundary Waters, we are protecting the Superior National Forest, and we believe both the economy and tourism, the environment, can coexist in northern Minnesota. Mr. LOWENTHAL. Mr. Speaker, how much time do I have remaining? The SPEAKER pro tempore. The gentleman from California has 9\1/2\ minutes remaining. Mr. LOWENTHAL. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, we have heard a lot about jobs. Jobs, this is going to be great job creator, this mine. I just want to highlight, though, some of the very inaccurate numbers that have been tossed around today. The sponsor of the bill earlier today said that 10,000 jobs would be created. The majority's legislative analysis says that the bill will create 17,000 jobs, but that is not correct. That is not correct. Even the company behind the project doesn't claim that many jobs. In their May 2017 fact sheet, and this is the fact sheet for Twin Metals of Minnesota, they report that once operational, they will directly employ 650 people and ``will create an estimated 1,300 spinoff jobs in other industries.'' That is 1,950 jobs. That is good, but that is a long way and a far cry from 10,000 or 17,000 jobs. Let's also look at the down side. An economic study of the tourism industry in the region has shown that putting in a copper mine could result in the loss of nearly 5,000 direct jobs and up to 22,000 indirect jobs. That is a terrible tradeoff, and that means that this mine is potentially a net job destroyer, not a creator. Mr. Speaker, I urge my colleagues to protect jobs and to oppose H.R 3905. Mr. Speaker, I would like to make sure that my friends on the other side are aware of a simple fact, and that fact is very important in this debate: water flows downhill. They make a big deal about the fact that no mining would take place in the Boundary Waters, but how happy would you be if someone dumped millions of gallons of toxic waste just uphill from your home and said not to worry because they didn't dump anything in your house? These leases that we are talking about are right on the border of the Boundary Waters wilderness area. Take a look at this map. These red parts are the leases we are talking about. There is no gap. There is no buffer. Any acid mine waste from these leases will flow right into the Boundary Waters. There is no protection in this bill for the Boundary Waters. There is only terrible risk. Mr. Speaker, I reserve the balance of my time. Mr. GOSAR. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I want to remind everybody I am wearing a copper tie, and that is because I come from Arizona. We are known as the 5 Cs: for the cotton, for the climate, for the cattle, for the citrus, and for copper. It is a critical mineral. We have seen these displays here in the well this morning, diverting the public's attention about what truly is actually here. This is actually a cite to explain to people exactly the clear definition. Let's look at this. What you see in red and yellow, just like a light that you see red, stop; yellow, caution; green, go, the red is the Boundary Waters. The red is the Boundary Waters: no mining, no mining whatsoever. The yellow is a buffer. By the way, the only place in the United States in which a monument is surrounded by a buffer: no, don't proceed. They confused you with that map. This is where we are talking about, down in here, in the green area. It is not the Boundary Waters. The pictures you saw that were in the well so eloquently shown to us were of the Boundary Waters, not where the mining is going to take place. Let's dispel the rumors. Let's get back down to facts. Red, no mining; yellow, no mining; green, okay. But that is following rules. That is following all rules. Once again, just to remind folks back home that are watching, the red is the Boundary Waters. There is no mining in the Boundary Waters. The pictures you saw in the well are of the Boundary Waters. No mining occurs in the Boundary Waters. Mr. Speaker, I reserve the balance of my time. Mr. LOWENTHAL. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I would like to highlight the overwhelming local opposition to a copper-sulfide mine right next to the Boundary Waters. A poll done earlier this year found that 59 percent of Minnesotans oppose copper-sulfide mining near the Boundary Waters. Seventy-nine percent support the existing 2-year study that the Forest Service is doing on this type of mining. Included in that 79 percent, 67 percent of Republicans support the existing 2-year study that the Forest Service is doing. We are not talking about a bunch of antimining activists. This is not them. The same poll found that, overall, Minnesotans support copper-sulfide mining in the State 43 percent to 33 percent. The people in the State of Minnesota know that there are right places to have these kinds of mines and there are wrong places to have these kinds of mines. The Boundary Waters are the wrong place. The people of Minnesota know it, the Forest Service knows it, and I hope that the Congress realizes it and knows it, too. Mr. Speaker, I reserve the balance of my time. Mr. GOSAR. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, the charge is Minnesotans strongly oppose mining near the [[Page H9509]] Boundary Waters, so let's go back, remind everybody back at home about the red. We are not talking about the red or the yellow in the previous document. Let's go through what we see. Minnesota's Democratic Governor was for mining in the area before he was against it. Several polls over the years consistently show strong support for copper-nickel mining in general and for allowing companies to explore and propose projects. In November of 2016, a poll of 400 registered voters in the Eighth Congressional District found, among other results, by greater than a 3 to 1 margin, survey respondents support environmentally responsible mining in the region. By greater than 2-to-1 margins, respondents support the building of a new copper-nickel mine and believe copper-nickel mining can be done in an environmentally responsible way. They demand that. More than 60 percent support an underground copper-nickel project, the Twin Metals mine. In October 2013, a poll of more than 600 registered Minnesota voters statewide found, among other results, a majority of voters, 56 percent, favor expanding Minnesota's mining industry. A plurality of voters, 48 percent, support expanding the nickel- copper mining industry in the State. All mayors, State legislators, the county commissioners that represent the Iron Range region, and the area proposed for the withdrawal are pro-mining advocates. Fifty-three bipartisan State legislators, including leadership of both parties, have endorsed the bill and support the passage. Why is that? These aren't just your average jobs. They don't pay service wages of $20,000. These are $100,000 plus and, additionally, have benefits. Those are jobs that Americans sink their teeth into. That is what built America. Stay tuned. I am going to show you some other photos of how they really look at mining. Mr. Speaker, I reserve the balance of my time. Mr. LOWENTHAL. Mr. Speaker, I yield 1 minute to the gentlewoman from Minnesota (Ms. McCollum). {time} 1615 Ms. McCOLLUM. Mr. Speaker, I thank the gentleman. Mr. Speaker, I brought this poster to the floor earlier. I bring it again up here. This is the proposed area in which the Twin Metals mine has been looking at doing the sulfide-copper ore mining, which, as I pointed out, 92 percent of the mines have polluted water quality. All of them have had leakage or seepage. This is the Boundary Waters Canoe Area up here. We keep hearing about how it is just adjacent. Mr. Speaker, this is an underground corridor, and this is an underground corridor. This is a deposit. This is where all of the mining activity would take place. Mr. Speaker, I don't see how open water creates a physical boundary to stop pollution. The pollution will go up north of the Laurentian Divide, and it will seep and go into the Boundary Waters Canoe Area, 1,000 lakes, rivers, and streams. This is mining adjacent to a wilderness that will become forever polluted if this mine is to be built. Mr. GOSAR. Mr. Speaker, I yield myself such time as I may consume. This bill alters no current environmental laws or protections. Mining companies will still have to comply with the Clean Water Act, Clean Air Act, NEPA, and all State and Federal laws. In fact, the local communities--everybody wants clean water. These people actually live in the area. These local communities actually want mining in Minnesota. It results in cleaner water. This is actually a viewpoint of an actual mine site. This is a long time ago. This is a pit. What ends up happening is, they are very proud, because Minnesota is proud of their water. This picture is before, and this is after. Can you imagine local municipalities and towns lining up for this water? This is the cleanest water in Minnesota. This is how they will actually reclaim the water. This isn't me. These are the people from the area who gave us these photos. And if you want to see an in-depth video, go to YouTube and look up the video that the people back in this region put together. This actually shows you, this is clean water. This is where you have pristine fisheries. They line up for this water. There are no environmental hazards. Minnesota's mining industry has been proud of what they have actually built. Once again, before and after, it is an inconceivable difference. Mr. Speaker, I reserve the balance of my time. Mr. LOWENTHAL. Mr. Speaker, I yield myself such time as I may consume, and I would like the chairman to answer a question. That pit that the gentleman just showed us, is that a taconite pit or is that a sulfide pit in Minnesota? Mr. GOSAR. Will the gentleman yield? Mr. LOWENTHAL. I yield to the gentleman from Arizona. Mr. GOSAR. That is a taconite pit. Mr. LOWENTHAL. We are not talking about taconite. We are talking about sulfide. Mr. GOSAR. Mr. Speaker, if the gentleman is talking about this whole aspect, the gentleman is right, but it is about all mining. This isn't just about copper mining. This is about taconite and all other mining. Mr. LOWENTHAL. Mr. Speaker, reclaiming my time, I would like to talk about that because of what type of mine this is. As has been pointed out, northern Minnesota has had a long history of mining, but the mine that we are talking about here is not like any other mine in the State. This is a copper-sulfide mine. These types of mines are notorious for generating acid mine drainage. As the Forest Service puts it: These mines are known worldwide for ***producing*** acid mine drainage that requires continuous management and perpetual water treatment. Even in the absence of a major spill, having this acidic waste chronically leaking into the environment will create a problem that will last for generations and may never be fixed. A study of 14 similar copper mines found that all but one had significant water quality impacts due to failures of the water collection and treatment systems from keeping the contamination from seeping out. As was pointed out by the opposition, the majority, most of these mines are in dry areas of the American Southwest where there is far less water that needs to be treated than in a very wet environment like northern Minnesota. The Forest Service also describes the specific threat that the Boundary Waters are under. They point out that there is ``a direct flow of water from these leases to the Boundary Waters, and that there is a high likelihood of acid mine drainage from these ores, and that the drainage from the mine is likely to be highly acidic.'' Mr. Speaker, once the problem starts, it is nearly impossible to make it stop. This is a perfect storm for destroying the Boundary Waters, and it is not worth the risk. Mr. Speaker, I reserve the balance of my time. Mr. GOSAR. Mr. Speaker, I would like to ask a question of the gentleman from California. Can the gentleman give me an example of a mine that he actually supports? Mr. LOWENTHAL. Will the gentleman yield? Mr. GOSAR. I yield to the gentleman from California. Mr. LOWENTHAL. Mr. Speaker, I am here to say that there are many mines in the State of Minnesota that I do support, that are ecologically--that are protected, but this is a different mine. We are only talking about one type of mine. Mr. GOSAR. Reclaiming my time, once again, the gentleman can't identify a single mine that is permissible to the opposition. Mr. Speaker, I reserve the balance of my time. Mr. LOWENTHAL. Mr. Speaker, how much time do I have remaining? The SPEAKER pro tempore. The gentleman from California has 1 minute remaining. Mr. LOWENTHAL. Mr. Speaker, I think that we have made a very strong case that economically this does not make sense. It could potentially destroy the tourist industry. What makes Minnesota unique is the wilderness areas, the Boundary Waters Canoe Area Wilderness. There is a tremendous risk because there has never been this type of mining in Minnesota before. As was pointed out by the Forest Service, there is a very high risk of [[Page H9510]] acidic discharge, and that the mine will drain into the Boundary Waters. This is the wrong project at this time, and I urge a ``no'' vote. Mr. Speaker, I yield back the balance of my time. Mr. GOSAR. Mr. Speaker, I yield myself such time as I may consume. We have heard some other charges that H.R 3905 changes five Federal laws for Minnesota's national forests. This bill alters no current environmental laws or protections. The Federal Land Policy and Management Act, NEPA, and all other environmental laws still apply to Minnesota. Let's go through this history. In 1950, Congress took action to make land available for mineral exploration and development within the Superior National Forest. Congress did. Then again, in 1978, Congress passed the Boundary Waters Canoe Area Wilderness Act, a compromise that prohibited mining within the 1.1 million acre Boundary Waters; once again, the red area and the yellow. No mining. But again, it specifically authorized mining in the Superior National Forest, the green. Once again, red, no; yellow, no; green, go. But that is fulfilling all current legislative and environmental laws. The General Mining Act of 1872 that we heard about earlier governs most mining on Federal lands. However, in this case, it does not. It is the Weeks Act that controls projects in this area because they are located on acquired National Forest mineral leases on these lands. There are no indefinite agreements. They typically retain a nondiscretionary right--nondiscretionary right, once again--to renew every 20 years. The two leases for the mineral deposit in question began in 1966, were renewed in 1989, and again in 2004, without controversy. The MINER Act halts last-minute political mineral withdrawals by requiring congressional approval. Once again, the magical words are ``congressional approval.'' The return to federalism--amazing--renews those two mining leases that were denied for political reasons under the same terms they were renewed twice previously and ensures any future mining projects will have to satisfy all existing environmental permitting requirements, including NEPA. These people demand that they do it in a righteous way. There is no digging right now. These are proposed. The Minnesotans whom I came up to visit, they happily shared their history and their area with me. They want it done right because they have to live with the consequences; not somebody who comes from Twin Cities once in a blue moon. Once again, let's go back. This is the Boundary Waters. This is what you have heard misrepresented all the way around. There is no mining going on in the Boundary Waters. There is no mining going on in the buffer area. Once again, no other buffer exists around a national monument except this. This is hallowed ground. Green, go. Now, it is also very unfortunate that we hear rumors going around from Members of Congress that the Department of the Interior actually is against this. That rumor is far from the truth. We just received an email from the Secretary of the Interior that they are not opposed to this bill. I include in the Record a list of over 150 groups, individuals, and community leaders who now want to be on record as supporting the lawful aspects of returning this back to the folks in Minnesota for mining. Endorsements of H.R 3905 53 bipartisan state legislators (including leadership of both parties); AFL-CIO International Association of Bridge, Structural, Ornamental, and Reinforcing Iron Workers Local Union 512; Agribusiness & Water Council of Arizona; ALLETE; American Exploration & Mining Association; Americans for Limited Government; Apache County (Arizona); Apache Sun Golf Club; APEX; Arizona Association of Conservation Districts; Arizona Cattle Feeders Association; Arizona Golf Association; Arizona Pork Council; Arizona Liberty; Arizona State Rep. Bob Thorpe; Associated General Contractors of Minnesota; AZ BASS Nation; AZ Deer Association; The Bass Federation; Better in our Back Yard; Cactus and Pine Golf Superintendents Association supports H.R 3905; City of Ely. Colorado Mining Association; Competitive Enterprise Institute; Concerned Citizens for America (Arizona); Conservatives for Property Rights; Dena Cordova Jack, Executive Vice President, Mountain States Lumber and Building Material Dealers Association; Global Minerals Engineering LLC; Golden Vertex Corporation; Grand Rapids Area Chamber of Commerce; Hibbing Area Chamber of Commerce; International Brotherhood of Electrical Workers Local Union 31; International Union of Operating Engineers, Local 49; The Jamar Company; Jefferson County Commissioner Donald Rosier, P.E ; Jobs for Minnesotans; Laborers District Council of MN & ND; Laborers International Union of North America; Laurentian Chamber of Commerce; Minnesota Building and Construction Trades Council; Minnesota Chamber of Commerce; MiningMinnesota; Minnesota Pipe Trades Association. Minnesota Power; Minnesota State Rep. Josh Heintzeman; Montana Mining Association; National Mining Association; National Stone, Sand & Gravel Association; New Mexico Cattle Growers' Association; New Mexico Federal Lands Council; New Mexico Wool Growers, Inc.; North America's Building Trade Unions; Plumbers and Pipefitters Local 589; Range Association of Municipalities and Schools; Scott W. Yates, President, Denver Lumber Co.; Shake Rattle & Troll Outdoors; Sulphur Springs Valley Electric Cooperative; Twin Metals Minnesota; United Brotherhood of Carpenters and Joiners of America; Water Resource Institute; Women's Mining Coalition; Yavapai County Cattle Growers; Yavapai County Supervisor Board Chairman Thomas Thurman; Yuma County (AZ) Chamber of Commerce. Other Groups Supportive of Issues Addressed by the Bill 62 bipartisan state legislators (including leadership of both parties); Chair of the MN Permanent School Fund Commission; Dakota County Regional Chamber of Commerce; Dale Lueck, Chair of the Minnesota Legislative Permanent School Fund Commission; Duluth Chamber of Commerce; Fairmont Chamber of Commerce; Fergus Falls Chamber of Commerce; Greater North Dakota Chamber of Commerce; Iron Mining Association of Minnesota; Laborers District Council of MN & ND; Lake County Board of Commissioners; Metro North Chamber of Commerce; Minnesota Association of School Administrators--Region 7; Minnesota Chamber of Commerce; North Central States Regional Council of Carpenters; Owatonna Chamber of Commerce; Rochester Chamber of Commerce; St. Louis County Board of Commissioners; Twin West Chamber of Commerce; Up North Jobs; Western Mesabi Mine ***Planning*** Board; Willmar Chamber of Commerce. Mr. GOSAR. Mr. Speaker, how much time do I have remaining? The SPEAKER pro tempore. The gentleman from Arizona has 1\1/2\ minutes remaining. Mr. GOSAR. Mr. Speaker, what transpired here was a travesty. As I outlined, historically, Congress dictated twice in a usual fashion this green area for go. They designed the Boundary Waters and a buffer area for protection. Once again, no Boundary Waters--you are being misled--no Boundary Waters are having mining. This is as clear as it gets. What ended up happening was in an illegal action by the President last year, or earlier this year, he wiped this away. This doesn't wipe away any environmental laws. What it does is, it returns it to the way it was. The way that it should be; the way that Congress dictated. Federalism, a return to the people in that State. Mr. Speaker, I ask everybody to vote for this bill and support this bill. I also ask everybody to go to a video that has been ***produced*** by the people in this iron-ore range to see exactly how the people of that area of Minnesota actually feel about it. It is magnificent. Mr. Speaker, I yield back the balance of my time. The SPEAKER pro tempore. All time for debate on the bill has expired. Amendment No. 1 Offered by Mr. Grijalva Mr. GRIJALVA. Mr. Speaker, I have an amendment at the desk. The SPEAKER pro tempore. The Clerk will designate the amendment. The text of the amendment is as follows: Page 2, line 19, strike ``and''. Page 2, line 22, strike the period at the end and insert ``; and''. Page 2, after line 22, insert the following new subparagraph: (C) shall have a royalty rate of not less than 16.66 percent. The SPEAKER pro tempore. Pursuant to House Resolution 631, the gentleman from Arizona (Mr. Grijalva) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Arizona. Mr. GRIJALVA. Mr. Speaker, the American people are getting ripped off in this bill. The Chilean mining conglomerate behind this bill makes out like a bandit. They get two expired leases back, as well as exemptions from several key environmental laws that could be used [[Page H9511]] to stop any of their dreams of massive profits from a giant copper mine. The American people are the ones that are getting ripped off. This land is being given away for next to nothing. For the past 50 years, the leaseholder has been paying rent of $1 an acre per year. Think about that, $1 an acre per year, unchanged for 50 years. The American people are the landlords here. They are charging the Chilean company about $420 per month for 5,000 acres of prime land right next to the most visited wilderness area in the country. {time} 1630 I can only imagine how many hardworking Americans would desperately love to be guaranteed having only to pay $420 a month for their homes for as long as they want, particularly if their home was over 2 million square feet, as these leases are. But we are not talking about someone building a house here. We are talking about a giant, destructive copper-sulfide mine that threatens one of the greatest unspoiled natural spaces in the country, the Boundary Waters Wilderness. Don't be fooled by the claims that the Boundary Waters are protected in this bill. They are not even remotely protected. Copper-sulfide mining results in acid mine drainage, the same kind of pollution that comes from abandoned coal mines and has destroyed thousands of miles of streams and rivers throughout Appalachia. Acid mine drainage from these leases would flow into the Boundary Waters into a neighboring Canadian wilderness and into Voyageurs National Park. This would permanently impact millions of acres of lakes, rivers, fish and wildlife habitat, and risk the entire tourism and recreation economy of the region. The majority says it is all worth it because of all the money that will flow into the State's coffers and be used for education. Give me a break. The only education benefit from this legislation would be children learning the chemistry of how acidic water flows out of mines, the biology of dead fish, and the economics of a shattered tourism and recreation industry. But if the majority is truly concerned about the amount of money that a destroyed wilderness can bring to the State, they should be embarrassed by the sweetheart deals in these leases: $1 per acre per year and a royalty of 4\1/2\ percent on production. These numbers are absurd. These rock-bottom prices effectively subsidize a foreign company to mine on public lands right next to an irreplaceable wilderness. My amendment would make sure that the company would pay a royalty rate of just over 60 percent because that is the same rate that Senator Murkowski has determined that companies should pay for oil that would come from the Arctic National Wildlife Refuge. If that is the cost of destroyed wilderness in the Arctic, then it should be no cheaper to destroy wilderness in Minnesota. With the extra billions of dollars the State receives from the more reasonable royalty rate, perhaps they could fund education and also help all the owners and employees of tourism and recreation companies that would be put out of business by a giant copper mine. To be clear, I will not support H.R 3905 even if this amendment is adopted. But Members should be given the opportunity to demonstrate that they don't believe that a foreign mining company should be allowed to get public land and public resources at rock-bottom rates and out in the West for free. Mr. Speaker, I urge my colleagues to support the taxpayers, support my amendment, and oppose the underlying bill. Mr. Speaker, I reserve the balance of my time. Mr. GOSAR. Mr. Speaker, I claim the time in opposition to the amendment. The SPEAKER pro tempore. The gentleman from Arizona is recognized for 5 minutes. Mr. GOSAR. Mr. Speaker, in July, the Subcommittee on Energy and Mineral Resources heard all about how royalties, if ill-constructed, serve only to disincentivize investment in self-sufficiency and increase our reliance on imported critical minerals. This amendment is a hallmark example of such a poorly designed royalty. This amendment doesn't specify what the royalty will be applied to, when in the mining process it will be assessed, and it doesn't even have a cap, for that matter. This amendment is just a thinly veiled means to prevent this important mining project from getting off the ground. The author actually stated that in his comments. Mr. Speaker, I oppose this amendment. I ask all Members to vote against it, and I reserve the balance of my time. Mr. GRIJALVA. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, let me just close by saying that this precedent being set here with H.R 3905 is a precedent that I think every Member of Congress needs to consider. The backdrop is a mining law of 1872 that has not been changed one iota since then that basically provides the public resources, the extraction of our public lands for free to any company and more prevalent now are foreign mining companies. No return to the taxpayer and no consequences considered on the environmental damage that these mines have caused, the abandoned mines that haven't been cleaned up. This is a backdrop to a deeper and more serious problem that this Congress has to grapple with, which is the mining law of 1872, and on this piece of legislation a precedent that establishes a template that can be destructive for the future and cut the public and the processes out that involve the public and safeguard the environment at the same time. Mr. Speaker, I urge a ``yes'' vote on the amendment, a ``no'' vote on the underlying legislation, and I yield back the balance of my time. Mr. GOSAR. Mr. Speaker, I yield myself the balance of my time. Mr. Speaker, once again, we may want to go back to misinformation. This does not pertain to the Mining Act of 1872. In fact, this is under the Weeks Act, which controls projects in this area because they are located on acquired natural forest land. Mineral leases on these lands, though not indefinite agreements, typically retain nondiscretionary right for renewal every 20 years. The two leases for mineral deposits in question began in 1966, were renewed in 1989, and again in 2004 without controversy. I would also like to take the opportunity to go through a number of groups that actually are against this amendment and endorse the bill. Fifty-three bipartisan State legislators from the State of Minnesota are for this bill: ``As elected leaders of the Minnesota Legislature, we are writing in strong support of H.R 3905. This legislation supports jobs, economic development and industry in northeast Minnesota, and will reverse an onerous, overreaching, and politically motivated decision by the Obama administration. H.R 3905 has bipartisan support, and it is our sincere hope that it will become law for the well-being of our State and its citizens.'' A second one from the Range Association of Municipalities and Schools: The results of the withdrawal and a potential 20-year moratorium would have a devastating impact on the financial support for our statewide public school system and future generations of Iron Rangers who would be employed in any future mining developments. It has been estimated that within 20 years of mining for precious metals, our Permanent School Trust Fund would reap nearly $3 billion in royalties if allowed to go forward. The Miner Act does not infringe or restrict these very strenuous and stringent environmental review processes, and we emphasize there will be no mining in the Boundary Waters or the buffer zone specifically surrounding the Boundary Waters. Let's go to the next one from the American Exploration & Mining Association: ``H.R 3905 will eliminate delays, return to good stewardship of fair process and restore the opportunity to explore ***strategic*** metals critical to our economy and national security in one of the richest mineral deposits in the Nation. . . . The emerging mining industry is an investment in the future well-being of our State and Nation; without this legislation, that future is at risk.'' Here is another one from the Competitive Enterprise Institute: ``The bipartisan H.R 3905 is a welcome reassertion of congressional authority over public lands. Article 4 of the Constitution vests Congress--not the President--with plenary power over public [[Page H9512]] lands. Members on both sides of the aisle should take umbrage at President Obama's lameduck machinations to withdraw from the multiple- use framework more than 230,000 acres of public lands in Minnesota-- with the mere stroke of a pen. By treating public lands regulation as a means to build a Presidential legacy through midnight regulation, the previous administration flouted the spirit of participatory and inclusive lands-use statutes as designed by Congress. Lawmakers should correct the course by passing the excellent H.R 3905.'' Finally, the Associated General Contractors of Minnesota: H.R 3905 changes no environmental review processes, relaxes no environmental standards, and specifically restates Congress' prohibition on any mining activity in the Boundary Waters and surrounding protective buffer areas. H.R 3905 would reaffirm longstanding congressional intent that actually espouses that this area be designated for mining and timber sales. Mr. Speaker, I ask everybody to vote against this amendment, and I yield back the balance of my time. The SPEAKER pro tempore (Mr. Gallagher). Pursuant to the rule, the previous question is ordered on the bill, as amended, and on the amendment offered by the gentleman from Arizona (Mr. Grijalva). Pursuant to clause 1(c) of rule XIX, further consideration of H.R 3905 is postponed.

**Load-Date:** December 2, 2017

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[***Plant Growth Chambers Market Worth 485.6 Million USD by 2022***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RD4-50W1-JB72-118B-00000-00&context=1516831)

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**Body**

The report "Plant Growth Chambers Market by Equipment Type (Reach-in, Walk-in), Application (Short Plants, Tall Plants), End Use (Clinical, Academic), Function (Plant Growth, Environmental Optimization), and Region - Global Forecast to 2022", published by MarketsandMarkets(TM), the global market is estimated at USD 398.2 Million in 2017, and is projected to reach USD 485.6 Million by 2022, at a CAGR of 4.0% during the forecast period. The market is driven by factors such as increase in demand for food. With the rise in population across the globe, the demand for food is also continuously increasing. This is one of the major factors that drive the growth of the Plant Growth Chambers Market. According to the National Center for Biotechnology Information (NCBI), the global population is increasing by up to 160 people per minute with more than 90% of them in developing countries.

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The clinical research segment, by end use, in thePlant Growth Chambers Marketaccounted for the largest share in 2016. Plant growth chambers designed for clinical research are utilized for several applications from ***agriculture*** to pharmaceutical industries. They are basically used for commercial purposes, wherein they provide precise controls of environmental parameters such as temperature, humidity, and light cycle, and the capability via complex ***programming*** to regulate these environmental parameters.

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The European region is projected to grow at the highest CAGR from 2017 to 2022.

The European region is projected to grow at the highest CAGR during the forecast period. The European Plant Growth Chambers Market comprises the UK, France, Spain, and Rest of Europe. Germany is estimated to dominate the European Plant Growth Chambers Market during the review period. Growth in research & development activities in Germany, such as those that include medical biotechnology and tissue culture for the production of pharmaceuticals, have been prominently driving the growth of the German Plant Growth Chambers Market over the past few years.

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[***Washington: President proposed $1.0 billion fiscal year 2019 budget for the Bureau of Reclamation***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61R1-F0YC-N18J-00000-00&context=1516831)

Impact News Service

February 12, 2018 Monday

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**Body**

Washington: US Department of Interior Bureau of Reclamation has issued the following news release:

Today, President Donald Trump proposed a $1.049 billion Fiscal Year 2019 budget for the Department of the Interior's Bureau of Reclamation. The budget supports the Department's goals of ensuring the provision of secure and reliable water supplies, the efficient generation of American energy, celebration of America's resources and recreational opportunities, and fulfilling commitments to tribal nations.

Reclamation is the nation's largest wholesale water supplier and second-largest ***producer*** of hydroelectric power; its projects and ***programs*** are an important driver of economic growth in the Western states. Reclamation manages water for ***agricultural***, municipal and industrial uses, and provides flood risk reduction and recreation for millions of people.

'President Trump's budget for Reclamation shows his strong commitment to our mission of delivering water and generating hydropower in the West,' Commissioner Brenda Burman said. 'The request also highlights how critical Reclamation's facilities are to the nation's infrastructure while also supporting tribal nations.'

Reclamation's budget is offset by current receipts in the Central Valley Project Restoration Fund of $62.0 million, resulting in net discretionary budget authority of $987.0 million. Of this amount, $891.0 million is for Water and Related Resources, $61.0 million is for Policy and Administration, and $35 million is for California Bay Delta. Permanent appropriations in FY 2019 total $101.0 million.

The funding proposed in Reclamation's FY 2019 budget emphasizes Reclamation's core mission of reliable water delivery and efficient hydropower generation to address the water demands of a growing population; and to assist states, tribes and local entities in solving water resource issues. It also emphasizes investment in modernizing existing infrastructure -- beyond the operation and maintenance of Reclamation facilities -- in a safe, economic and reliable manner, ensuring measures are in place to protect the public and Reclamation facilities for the next 100 years.

Reclamation's dams, water conveyances and power generating facilities are critical components of the Nation's infrastructure. The safety and reliability of its dams is one of Reclamation's highest priorities. The Dam Safety ***Program*** is critical to effectively manage risks to the downstream public, property and natural resources. The budget request of $88.1 million for the Safety of Dams ***Program*** provides for risk management activities at Reclamation's high and significant hazard dams where loss of life or significant economic damage would likely occur if a dam was to fail. The budget also includes activities for several dam safety modifications, as well as for Interior's Dam Safety ***Program***, which Reclamation oversees.

Furthermore, the proposed budget includes $45.0 million for various projects for Extraordinary Maintenance (XM) activities across Reclamation. Reclamation's XM budget is part of its overall Asset Management Strategy that relies on condition assessments, condition/performance metrics, technological research and deployment, and ***strategic*** collaboration to continue to improve the management of its assets and deal with aging infrastructure challenges. Significant additional XM items are directly funded by revenues, water and power customers, or other federal agencies.

Reclamation's projects and ***programs*** support tribal nation efforts and Native American ***programs***. A total of $127.4 million in funding is requested for Indian water rights settlements. This includes $69.6 million for the Navajo-Gallup Water Supply Project, $12.8 million for the Crow Tribe Water Rights Settlement, $8.3 million for the Aamodt Litigation Settlement, and $10.0 million for the Blackfeet Water Rights Settlement. Other efforts to support tribal nations are long standing and range from species protection to rural water projects.

This budget request continues to support water delivery and quality concerns that address the special requirements in the Colorado River basin and in the state of California. While last year's precipitation was beneficial, the long-term impacts from droughts are not recovered in a few wet years. Groundwater must be replenished and the hydrologic system will need time to recover. The FY 2019 budget request through ***programs***, such as the Lower Colorado River Operations ***Program*** ($31.2 million) and the Central Valley Project ($147.5 million), continues efforts to find a long-term solution to achieve a reliable water supply and quality for both areas.

The FY 2019 budget request supports and emphasizes activities designed to prevent and combat the infestation of quagga and zebra mussels across Reclamation states. These invasive species are rapidly reproducing and have infested multiple operational areas of Reclamation facilities. Research is continuing to find ways to impede the mussels' populations, and funding will support, in cooperation with the Western Governors Association, Reclamation activities established in the Quagga-Zebra Mussel Action ***Plan***. This includes working with states and tribes to keep mussels from infesting the Columbia River Basin in the Pacific Northwest.

Other aspects of the FY 2019 budget proposal include:

Central Valley Project Restoration Fund - The budget of $62.0 million is expected to be offset in total by discretionary receipts, which are adjusted on an annual basis to maintain payments totaling $30.0 million (October 1992 price levels) on a three-year rolling average basis. The budget for the CVPRF was developed after considering the effects of the San Joaquin River Restoration Settlement Act, which redirects certain fees, estimated at $2.0 million in FY 2019, collected from the Friant Division water users to the San Joaquin Restoration Fund.

Desalination and Water Purification Research ***Program*** - This ***program*** supports desalination research, development and demonstrations for converting unusable waters into useable water supplies. The FY 2019 request of $2.9 million supports projects in the laboratory-scale research studies, pilot-scale testing and full-scale testing. Funding also supports the operation and maintenance of Reclamation's Brackish Groundwater National Desalination Research Facility, which supports testing projects and potential work from Cooperative Research and Development Agreements, including one focused on ***produced*** waters from oil and gas extraction activities.

Science and Technology ***Program*** - The FY 2019 request of $11.0 million supports water and power technology prize competitions, technology transfer, and dissemination/outreach activities addressing critical water and power management obstacles. The S&T ***Program*** also supports the monitoring, detection and control of invasive mussels.

The Site Security ***program*** - The budget request will continue Reclamation's ongoing site-security ***program*** at $26.2 million, which includes physical security upgrades at key facilities, guards and patrols, anti-terrorism ***program*** activities and security risk assessments.

WaterSMART ***Program*** - Endorsing Theodore Roosevelt's principles of land and wildlife conservation, Reclamation strives to ensure future water delivery through the conservation of the resources available now. The funding proposed in Reclamation's FY 2019 WaterSMART budget ($19.9 million) supports Reclamation's collaboration with non-federal partners in efforts to address emerging water demands and water shortage issues in the West.

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[***Putin answers questions from children - Kremlin transcript***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P3Y-68S1-DYRV-308P-00000-00&context=1516831)

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**Length:** 20881 words

**Body**

Text of report "Meeting with students from Sirius Educational Centre July 21, 2017, Sochi" published in English on Russian presidential website on 24 July

Vladimir Putin met with students from the Sirius Educational Centre for Talented Children in Sochi.

Vladimir Putin answered the students' questions and reviewed some of their projects.

The President was shown, among other things, a device for laboratory blood testing, the so-called Lab of the Future, which, according to its inventors, can replace a number of tests with just one. Vladimir Putin also saw a wireless charging device for drones used to inspect power lines. Also, young scientists showed the President a technology they are proposing for computer processing of x-ray images, and the Moon Greenhouse project which studied possibilities for growing plants in the moon's gravity.

The Sirius Educational Centre was established on the basis of the Olympic infrastructure at the President's initiative in December 2014. The aim of the centre was to reveal talent early, and develop and support gifted children from all Russian regions. These are children who display exceptional abilities in the arts, sports, the natural sciences or who have achieved success in technical creativity.

Every month 600 children aged from 10 to 17 receive tuition-free education at the centre. They are guided by over 100 teachers and coaches. The 24-day ***programme*** includes studies on a specialty, intellectual games, workshops, meetings with recognised professionals in their area of knowledge, sets of health-building ***programmes***, and general education classes during the school year.

\* \* \*

Beginning of the conversation with the Sirius Centre students

President Vladimir Putin: Good afternoon friends,

Your session and the academic year are coming to a close. So let's say our meeting is timed to these.

But for the beginning of our meeting, and I hope it will be interesting to everyone, I would like to return to where we started and say how this project - Sirius - came about.

You know that all countries that host major international competitions like the Olympic Games, always face a challenging question - what to do with the buildings and facilities, all that infrastructure that was built for these major international competitions. We, Russia and the city of Sochi, also faced this question. We had various ***plans*** for them; and we built a lot. In fact, Sochi has changed its image a lot and become a major international resort destination.

But I really wanted that project to be expanded with something that would truly be worthy of the Olympic legacy. This is how the initial idea came to create sport centres here - but for popular sports for which we, as they say today, have the greatest aptitude. These are primarily winter sports because we hosted the Winter Games and there were plenty of artificial ice arenas. First of all, I thought about ice hockey and figure skating.

Then it occurred to me: Why just sports? Why just sports for which we have developed an aptitude over decades? We have other abilities - for example, in science, education and the arts. We have always been proud of our musicians and our ballet, and the world admires them. Then I remembered that we also have specialised educational institutions that were established back in the Soviet times and still exist. These are not only ten-year schools for future conservatory students but also physics and mathematics schools, chemistry schools, and biology courses that opened later.

All these things I just mentioned are what we need now and what will be in great demand in the short and long term. This is how I eventually arrived at the conclusion that we need to create a multidisciplinary centre. I shared this idea with some of my colleagues in Moscow. They all are very intelligent, progressive people and competent professionals. They told me, although not directly but through our common connections: "This will not work." I said: "Why not?" "Because if you bring all your big hockey players together, and they are strong boys, they will start by beating up those mathematicians in their nerdy glasses." (Laughter.)

Frankly speaking, I had certain concerns but then I talked to the outstanding hockey players, our national pride by right. And they said, "Do not worry about it!" I asked why. "Because our guys who achieved real success in sports, they know the true cost of victory and they know it requires talent and hard work. They will absolutely value that in others."

The director of the centre told me that she believes this is how it is going now. And this means that the project was necessary and it is successful. I want to congratulate you because it is your achievement above all.

Television anchor Irada Zeinalova: Now we will watch this unchildish conversation that is very important not only for children who will ask you questions but also for us. We will find out what they think and what they really want because adults often do not understand this. We will try to minimise our participation and will not be acting as moderators - we will just be here with the children. So let us get right to the questions.

Guys, raise your hands, stand up and introduce yourselves. All of you have an opportunity to ask the President a question.

Remark: Good afternoon, Mr President.

My name is Artyom. First of all, I would like to thank you for this place. Thank you for Sirius. I think the whole of Sirius joins me in that.

Vladimir Putin: By the way, Artyom, I can also boast that I invented the name. I was thinking for a long time of a name that would combine everything in your future educational centre, so that the name would make it clear that this centre is for talented, bright young people that look to the future. When I said "bright" to myself, I recalled that Sirius is the brightest star in the sky. This is how the name emerged, by the way. I think it fits well, how about you?

Remark: I totally agree.

In general, my specialty is science but my question is not about science. I am an active user of the internet and as such I would like to ask you: Do you use social media or are you perhaps ***planning*** to use it? Say, when you come home after a hard day of work, do you look at Instagram or watch YouTube?

Vladimir Putin: A hard day of work ends so late for me that I have no time for Instagram. I think about how to get to my bed as fast as possible. (Laughter.) My staff in the Executive Office use the internet very actively, but, to be honest, I practically never use it myself.

Irada Zeinalova: By the way, they use a language of their own, such as "tags" or "nicks", and if you were a user, what nickname would you choose for yourself, as there are already one million accounts named "Vladimir Putin" or "Real Vladimir Putin" out there?

Vladimir Putin: I am aware that there is a bunch of all sorts of accounts, somewhere around 5,000, I believe. I have nothing to do with any of them, so that you and other users know. What is being written there on my behalf, is not written by me. I hope they do not write anything bad there, but, again, it is not me. This is my first point.

Second, with regard to nicknames. It is a pseudonym. As you may be aware, I started my career in the foreign intelligence service, and I sometimes used cover names out of technical necessity, but using a nickname now would be plainly ridiculous, I certainly would not choose any, and would use my own name. By the way, I think it is the right thing to do for everyone. Why hide behind pseudonyms? When I studied at the intelligence school, my pseudonym was "Platov." Everyone had pseudonyms, because that line of work involves a certain degree of conspiracy. Why do so here? Why hide? I believe that it should be the other way round: If a person does something worthy and interesting, something he or she can be proud of, one should take credit for it. Why hide behind a pseudonym? I am not sure about this. Anyway, I think I answered your question.

Irada Zeinalova: We are not hiding, either. This is being broadcast not only on the NTV Channel, but also on ntv.ru website, and (I learned a lot of new words while preparing this ***programme***) on our Vkontakte account and on YouTube video hosting. So everyone can watch us now.

Television host Sergei Malozyomov: And I would like to draw your attention to the fact that online broadcasting offers us some technical opportunities that, unfortunately, television is unable to provide so far. For instance, in our studio there are two boxes on stands - these are 360-degree cameras. They provide a complete view, showing everything that is happening around them in the studio. And the most important thing is that you can choose, on your mobile device or computer, a segment of the studio that you want to peruse and zoom in on it. And, for example, your parents or your friends, all who have gathered there, they will be able to watch you, what you are doing during this unchildish discussion.

Television host Yegor Kolyvanov: Well, it is a secret agent's dream. Anyway, let us take questions from the children. OK?

Question: Good morning, Mr President.

My name is Ivan.

We are aware that being a President is a very hard job, great responsibility lies on your shoulders. And I have a purely human question. Would you like to relieve yourself of this burden at least for a day, during which you would not be a President? What would you do on such a day?

Vladimir Putin: You know, I regard myself as an ordinary person. True, my job cannot be called ordinary due to its specific characteristics. Even so, I live a normal, ordinary life. There is just certain degree of stress, of course - moral, psychological and physical. And yet, I live a normal, ordinary life, that is, not when there is spare time, but I ***plan*** my work schedule in such a way as to afford myself spare time for some creative development, to listen to music, to play sports, to spend time with my friends. I set aside special time for that. But then, I was used to living like that long before I became President. Little has changed for me, except certain specific features related to carrying out my presidential duties.

So, I see nothing special here. And there is nothing special that I would like to do if I relieved myself of this burden, as you said. But still, I will have to do it some day as there are term limits for the President, which are set by the Constitution.

You are all young people, but you probably know, should know, that I had a possibility, and they even begged me at the time to amend the Constitution. I refused to do it, nor do I intend to do it in the future. All is written in the Constitution. As for whether I should continue to carry on in this capacity, I have not made a decision yet, I will think about it. In 2018, as you know, an election will be held. There is still time before the election campaign, so we will see. But, on the whole, I believe that I live a normal life, though with certain specific characteristics, which, to my mind, exist in every occupation.

Look, you have guys in creative occupations here - musicians and future ballet dancers. We know what it takes to be an amazing musician or ballet dancer. It is gruelling work, day and night. Sometimes I look at some of my friends - musicians at a high international level - they are working 12 to 15 hours a day. Those who play string instruments develop callouses, almost to the point that their fingers bleed. This is what it means to devote oneself to something. Or take ballet where guys and girls have to work so hard. Their training is mind bogging. Or take the career of a scientist - they are peculiar people altogether. They are so engrossed in what they do that sometimes they do not notice anything around them.

But I still think that a person must be well-rounded. This is why, to be honest, I thought up this structure for Sirius - for you and your peers to come here, focus seriously on certain specialties and have an opportunity to interact with other students that are engaged in other types of activities. Athletes can see how science lovers - for instance, maths, biology or chemistry - live, work and think, and budding scientists can see what future musicians or ballet dancers do and how they live and set their minds on work. Such interaction is designed to help you develop, and develop in a well-rounded way. I think this is exactly what is taking place here, in Sirius.

I am trying to organise my life in the same way, too. Sometimes I succeed and sometimes not, but this is what I set my mind on.

Question: And what would you choose yourself - science, art, or, for instance, sports, if you has such an opportunity?

Vladimir Putin: I think I have already made my choice. (Laughter.)

Remark: Politics.

Vladimir Putin: Of course.

Remark: Thank you very much.

Sergei Malozyomov: Question from behind your left shoulder. Please, do not forget to introduce yourself.

Question: Good afternoon, my name is Maria. When you have spare time, what do you like doing the most? Do you do something creative? What is it?

Vladimir Putin: Look Masha, I have just said that I have very little spare time but I try to do things. It is just that I have a schedule, let us put it that way. At certain times I try to do certain things. I allot certain time - and quite some time - for sports, listening to music and spending time with friends. I allot time for all this purposefully, I schedule it. If I do not do that I will not have time for anything. But there is one more secret - the more you do, the more you are able to do. You should not be idle, should not spare yourself, that is for sure. And I have already said what I do. I like reading, especially historical literature. I like listening to music and playing sports, and socialising with friends - just like everyone else, just like you.

Irada Zeinalova: And now a question from our rostrum.

Question: Mr Putin,good afternoon. I would like to ask you what you are going to do after you leave the post of President.

Vladimir Putin: I have not yet decided yet whether I will leave the post of the President or not. Only after I answer this question for myself will I think about my next step.

There are a lot of interesting things to do in the world. This is not to say that I should sit and only write memoirs. After all, you can engage in political activity outside your presidential duties, really. There are public organisations and there are other areas that are very interesting to me, for example, ecology. I like this area very much and I consider it promising for the present and the future. You may have noticed that for several years in a row I participated with scientists in various activities related to the protection of rare species: tigers, polar bears, white whales, and so on. I enjoy this greatly. It fascinates me, so I will definitely find what to do. First, the main question should be answered.

Question: Good afternoon, I am Darya Ilyina from Veliky Novgorod. My specialty is painting.

My question is this. You support many Russian artists who have graduated from Russia's leading higher education institutions. How can young people from the regions get into these institutions considering the problem that many regional schools - not in Moscow or St Petersburg - are simply not supported and not given consideration to ensure that there is a single ***programme*** to enter these institutions? In other words, sometimes talented artists have no chance of getting there because they do not paint within a certain school.

Vladimir Putin: You know, this is a difficult question for me, and I do not really understand what it means to paint within a certain school. However, I believe that if a person wants to achieve a goal and knows that a given institution of higher learning has certain requirements then he or she should try to meet these requirements. Therefore, it is necessary to know exactly what there requirements are and do your best, especially with modern methods of distance learning. Perhaps this is not the simplest choice, not the easiest way of solving the problem but when a person decides what to do, he or she should look for ways of doing it, showing talent and perseverance.

Regarding administrative authorities, here of course we will try to do all we can, especially at the regional level, to support art schools. They were traditionally established here in previous decades. And by the way, many of them are quite successful. However, they are focused on ensuring that their students enter two or three higher education institutions in Moscow and St Petersburg, I do not know exactly. If you think this is something that needs to be addressed, we will do so.

And then, you know, when a person is really talented, he or she will be noticed anyway. He will go the Ilya Repin Institute in St Petersburg or Moscow institutes and I am sure professors will not ignore such a person.

Irada Zeinalova: Mr President, you will agree that there is no precise instrument for measuring talent. It is a very subjective matter. The questions that you are being asked now about something human cannot be measures by an instrument, either. It is only possible to create some categories, to decide what is important to you.

Could you please name three main values in your life? Three main things in your life?

Vladimir Putin: In my life or in general?

Irada Zeinalova: In yours. In your life.

Vladimir Putin: In life?

Irada Zeinalova: Yes.

Vladimir Putin: Why three? Why not five?

Irada Zeinalova: Because preparing for this conversation we conducted a poll of Vkontakte users. We asked them what is important to them. In other words, these unmeasurable things can only be compared. It is important for us adults to see how well we understand those who will supersede us.

Vladimir Putin: All right, I gained some time to think about it while you answered. What could I say? If I had to name three values in life they would be: first, life itself, it is the greatest value, then love, and freedom. It is possible to write treatises on each of these values. They have already been written and can be written without end. Speaking about life, which is so valuable, is it possible to define it - is it a purely biological condition or is it intellectual? It is possible to talk at length about the nature of love. There are relations between a man and a woman, but there is also love for parents, and love for the Motherland. But, let me repeat that these are all separate things. What is freedom? Where is it? How far does it go? And where does it end? It ends where we start transgressing on the freedom of other people. How to compare one's own freedom with the freedom of another person?

It is possible to think endlessly on each of these positions but in my mind, these are the most important values - life itself, love and freedom.

Irada Zeinalova: Thank you very much. We are now launching a poll on Vkontakte: What is important to its users, that is, the younger audience? At the end of our meeting, we will tally the results and analyse them.

And now a few more questions.

Head of the Talent and Success Foundation Yelena Shmelyova: Mr President, let me introduce one of the youngest students of our session, Kirill Shapovalov. Kirill is a figure skater from Moscow and he is 10 years old. Let me pass him the microphone.

Kirill Shapovalov: Good afternoon, Mr President. My question is, what is your most vivid memory from childhood?

Vladimir Putin: Well, I am a big kid now, some of my vivid memories have faded.

You know, probably, speaking of the most vivid ones... As a child, I spent most of my time playing in the street, in the courtyard in the centre of Leningrad, a large city. Boys my age spent most of their time there. This was a sort of "university" and a school of life. I will not go into details, but one such vivid memory I have is - let me put it this way - my incorrect behaviour towards a person and his abrupt response. This happened several times; but it is a thing you can learn from, and you learn not just to be polite to other people but to have respect for them. This is relevant, but it does not mean one should spend most of their time in the street as I did. Such experience can be gained at Sirius as well.

Later, in my adolescent years, when I began to play sports, the most vivid memories are from competitions. I began with sambo, then all of us in our group switched to judo, and even at local competitions there were some highlights I still remember to this day. One such moment was when my opponent and I really pushed ourselves to the limit. I can still remember him clearly. I could barely breathe, and I only won by a hair's breadth. I am still proud that I was able to win and that I gave it my all.

So these are some memories, vivid memories, that I can still recall. By the way, the ability to go all the way to achieve your goal is a very good quality.

Question: Good evening, Mr President, my name is Artyom. I am on the Russian national ice hockey team.

As you are aware, hockey is an aggressive sport. My question for you is how do you handle aggression directed towards you? Do you allow yourself to be aggressive towards other people?

Vladimir Putin: Aggression has been part of our make-up since prehistoric times, when our ancestors were in an animal or semi-animal state. However, the more intelligent and the more educated people are, the less aggressive they are. In any case, they are much better at controlling it.

Of course, I constantly run into stressful or semi-stressful situations, I do not like many things, but I learned to restrain myself. I am not sure how it looks from the outside, but I think that I am good at it. Moreover, I believe that this is a great advantage in dealing with people, especially ones who cannot control these emotions. I may fly off the handle occasionally, which is extremely rare, and, frankly, I get very angry with myself when it happens, because I believe that the manifestation of aggression in today's world, in today's society, in relations between people is a manifestation of weakness. I do not like this. When there are no arguments left to make, a person begins to behave aggressively. Overall, I manage to cope with it, which is what I wish for you, too.

Question: Good afternoon, Mr President. My name is Oksana Pshenichko. I'm from Mezhdurechensk, the Kemerovo Region.

I have a serious question related to education. In addition to my studies, I participate in projects and take part in young physicist contests at school. We study physical phenomena from all angles, which includes theory and, importantly, practice. However, physics at school is taught differently, and, unfortunately, the focus is on the Unified State Exam.

Vladimir Putin: Differently as compared to what?

Oksana Pshenichko: Different from our contests and research activities. The focus is on the exam, and almost all the time is spent on learning definitions and solving standard tasks simply because they are part of the test. However, the students no longer understand why the world looks the way it does, and what is going on around us. Importantly, interest in physics is declining. How should the education system and the teaching of physics in general be improved, so that interest in the natural sciences in children stays alive? This also affects the state of affairs in our country, does it not? Anyway, is it realistic to make any major changes in our time?

Thank you.

Vladimir Putin: Global changes occur at all times - simply at different rates. In the Middle Ages, there was one rate of change and in our days it is significantly higher, which has to do with the accumulation of knowledge. The more knowledge mankind has, the faster the changes. In addition, of course, there is the accumulation factor. First, there is accumulation and then there is a leap. So it seems that we are now on the threshold of a leap and of course physics is very important, which means that changes should also be introduced to the teaching system. I will not tell you now exactly what needs to be done or how the teaching of certain subjects should be changed, for example, physics or mathematics. This is up to specialists. I cannot speak for experts and it would be wrong - as they say, counterproductive - and even harmful to do so because this is of course primarily something for specialists to decide.

Nevertheless, we have very good examples of modern methods of teaching natural sciences. For example, Nobel Prize winner Zhores Alferov has wonderfully combined a secondary school and higher education institution. I have been there and was greatly impressed. Young people there earn advanced degrees - Candidates of Science and Doctors of Science. All of this is done in a single complex. So there are good examples, of course, and not only here but also, for instance, at Moscow University. I am a member of its Board of Trustees. Therefore, we do have good examples.

Regarding the Unified State Exam you have mentioned and the associated dogmatism, this is bad, because the USE was not originally conceived as a dogmatic system. And if this is the way it works, of course, something must be changed. However, I would like to draw your attention to the fact that after all is said and done, the USE is not directly related to a pro forma approach toward teaching.

For example, a lot of national academic contests are held in our country and their winners enter higher education institutions directly, without any USE. It is noteworthy that this year, 21 people have scored 300 on the USE. Experts previously said that it was impossible. However, this proved possible - moreover, 21 people have done it. Some of them were allowed to waive the USE but they went and passed it anyway. This goes to show that in and of itself, the USE does not carry any negative elements, but problems do exist and it is important that efforts are taken to address them, as you yourself have said.

On the positive side, as you know, before the USE was introduced on a full scale, only a small proportion of young people from the periphery got into the country's leading higher education institutions - just 10-15 percent. Today, over 60 percent of young people from the periphery - not Moscow or St Petersburg - enter the country's top education institutions. This has significantly expanded the geographical scope and opportunities for talented, gifted young people from all over Russia and there are no preferences only for those who live in Moscow or St Petersburg. This is definitely on the plus side but of course the USE needs to be improved.

Yelena Shmelyova: Mr President, let me introduce colleagues who are not currently here. We have been operating for two years exactly, and over 100 Sirius graduates are winners of international and very significant contests and Olympiads. During this July session, we sent the Russian national mathematics team to the International Mathematics Olympiad in Rio. And we decided that it would be unfair if they cannot ask you a question, which is why we recorded one question from them. Can we show it now?

Vladimir Putin: Yes, of course.

Question: Mr President, will the work of tutors and teachers be rewarded, those who trained a medalist for an International Mathematics Olympiad? For example, will they be awarded the Merited Teacher of the Russian Federation title?

Vladimir Putin: We have a whole reward system for both coaches and teachers. And tutors who train you for such large events - and they obviously do good, excellent work, our children keep on winning, taking first place (first and second place) at such internationals contests - so if those rewards do not reach them, it is clearly an oversight on the part of respective administrative bodies. We will correct that oversight.

Yegor Kolyvanov: By the way, I would like to remind you that a few days ago equally talented children came back from the International Chemistry Olympiad in Thailand, and they did not come back empty-handed. They had won two gold and two silver medals at the international competitions. I think this deserves a round of applause. It is really cool for me as someone who was always just average in chemistry.

Here on the same stand with me are world football champions. See, we do have them. No matter what, we have world football champions. They are Pasha and Sasha, winners of the international competition among children's homes. Is that right? They would like to talk to you.

Question: Mr President.

Vladimir Putin: Are you Sasha or Pasha?

Question: I am Sasha.

Mr President, thank you very much for the gift, all the children are happy, for the football facility. It will open in September. All the children from the Totem football club, from the home, will be expecting you at the opening of the facility.

Vladimir Putin: I think we met, yes, we did.

Remark: Yes, at the Confederations Cup.

Vladimir Putin: Is this an invitation? Or is there a question to follow?

Remark: An invitation.

Vladimir Putin: Thank you.

Remark: My name is Pasha.

Vladimir Putin: Yes Pasha, go ahead, I am listening to you.

Question: Mr President, will our national team win the World Cup?

Vladimir Putin: Pasha, which of us is the world champion? Answer, please.

Remark: I am. (Laughter.)

Vladimir Putin: Please, tell me, as an expert, will our national team win the World Cup? (Laughter.)

Sit down. (Applause.)

Yegor Kolyvanov: Anything could happen.

Question: Good afternoon, my name is Alla.

Mr President, there was a torrential downpour on June 22, the Day of Memory and Sorrow, during the wreath-laying ceremony. You stood in the rain without an umbrella. Does this gesture have anything to do with paying tribute to the memory of fallen soldiers?

Vladimir Putin: First, the rain started unexpectedly, which it does now and then.

Second. I do not think that those who used their umbrellas broke any rule, especially women, since they do ... Here, the artists know what women do. (Laughter) Therefore, they must take precautions and look good.

As for me, it never occurred to me. You know, war is not just about blood and death, no matter how sad it may sound. Of course, there is both blood and death, and they are part of the horrors of war. But, among other things, war is also about hard work. The troops either advance or retreat, and they are in the field all the time, during the day, at night, in the summer, in the winter, in the snow, and in the rain. They never catch a break. They do not go home when their fighting day is over. They live and die in the field. This is a terrible situation. So, it did not even occur to me that I could grab an umbrella at the very moment when the wreath was laid. Indeed, it was raining heavily, but I did not think about it. I did not make a decision to do something in particular. It simply did not occur to me that I could do something differently. I believe that this is normal. We are not made of sugar, we will not melt.

Question: Mr President,

My name is Eva. I am a pianist, in the art department.

I have a question that, I think, concerns many young musicians. Currently ninth-graders take four exams under the Main State Exam: Russian language, math, and two subjects of their choice. Is it possible for the students of specialised music schools to take the musical exam under the Main State Exam, such as specialty, musical literature, or solfeggio? After all, we devote most of our time to musical subjects.

Vladimir Putin: You know, this question should also be answered by experts. There is an Academy of Pedagogical Sciences, a corresponding ministry, and you also have mentors. I believe, but I am not well-versed in this subject, that it is possible. However, I am sure that there will be objections regarding the fact that if someone receives a certificate of education at a certain level, he or she must necessarily have a certain set of knowledge, and an all-round education. So, they will tell you, it is necessary that our students know this and that. However, in my opinion, I would listen to what you are saying, and I will talk with my colleagues about this.

Remark: Thank you.

Question: Good afternoon, Mr President.

Vladimir Putin: Hello.

Question: It is good to see you in good form.

My question is this. Recently, Oliver Stone made a documentary film about you. Tell me, what do you think about the filming process as a whole? What about the film director? Did he take any liberty with the truth? And what did you like more - your interview with Vladimir Solovyov or this documentary?

Vladimir Putin: What I like the most about this film is Oliver Stone himself. He is a remarkable man, a profound, well balanced and pleasant interlocutor.

How was the process organised? I am a little hard put to say because it was so unexpected for me. Of course, I knew that a film crew would come but with the pressure of work - my press secretary, Dmitry Peskov, would come to me for the umpteenth time and say: "Mr President, it is time to go. They are waiting for you." I would go and we would talk and then I would forget about them. However, they would not forget about me. They would return again and again. In other words, this happened several times - two, three, five - I do not even remember how many times we met.

Regarding how objectively they got everything across. From what I saw, and I did not see everything - as I said earlier, they gave me a cassette with all the episodes. I was flying home from abroad and I put it on to watch but fell asleep because I was tired, so I did not see it to the end but will definitely do so. Still, I believe - actually, I am sure that Oliver Stone is a very decent person and that he did not distort anything. From what I saw - to repeat, I saw one and a half instalments - everything is correct.

Question: Good afternoon, my name is Svetlana. I am at the Russian Ballet Academy in St Petersburg.

Vladimir Putin: So I see. I could tell right away.

Question: I have a specific question. In May 2013, we had a grand event - the opening of the Mariinsky Theatre 2. After that, the Mariisky Theatre 1, the historical stage, was to have been renovated. However, time is going by and nothing is happening. What could - let me put it this way - help expedite this process?

Vladimir Putin: I do not know. This needs to be taken up with Valery Gergiev. I do not think there are any financial problems behind this process and I do not think that there are any difficulties with architectural or other agencies. When the new buildings were built - you are a young girl, but surely you know that there was a lot of controversy in St Petersburg about whether such a modern building as the second stage should be introduced into the city's architectural ambience. However, finally, a decision was made to build it and it was built. In my opinion, it is one of the best theatres in the world in terms of technical equipment, acoustics and convenience for both the performers and the audience.

Regarding the old stage, everything should be simply renovated - there are no difficulties or disputes there. I will look into this, I promise you, but I do not know what has caused the delay. Maybe someone is not ready for this. I do not know, maybe Mr Gergiev's repertoire is so arranged that at this point he wants both stages to be in operation. I will find out, but there will be no problems. We will renovate the old building as well.

There is another, more pressing problem there: Troupe members need housing. We are currently working on this and Mr Gergiev is thinking about it, too. He is working on it but I will help him.

Yes, please.

Question: My name is Alisa. I study science. Here is my question. What event in your life influenced you most?

Vladimir Putin: An event in my life?

Remark: Yes.

Vladimir Putin: You have put me in a somewhat difficult spot. There were probably no such events that caused a sudden change, or rather there were, but as for the influence... I will try to talk seriously. Perhaps it was the collapse of the Soviet Union. This is an adult answer, sorry, but you asked me an adult question.

Yegor Kolyvanov: Tell us, please, what year you were born.

Remark: 2000.

Yegor Kolyvanov: The girl was not even there to see it.

Question: Good afternoon, Mr President. My name is Maria. Here is my question. How did you do at school? What do you remember from the school curricula?

Vladimir Putin: I did fine at school, but nothing outstanding. What I found curious and what, I believe, is important for you as well, is that I studied at one school up to eighth grade, including the eighth grade, and then moved to another school. It was a school affiliated with a technological university and it specialised in natural sciences: chemistry, physics.

I went there, but something occurred to me, and I decided to enter the law department at university. But when I saw what entrance exams had to be passed in the law department, I realised that I might have made the wrong choice. In order to pass the exams, I needed to improve my foreign language skills, which were very poor, and to focus on history and literature. My teachers immediately noticed that.

But what is important and what I would like to say now is that I am very grateful to my teachers. They noticed me, summoned me and asked me: "Will you study?" I told them honestly that I made up my mind to go to university. They asked me just one question: "Are you being serious? Is that true?" I said: "Yes." "In that case," they said, "you should do this, this and this." I said: "Yes, I know it." And they deserve credit, they helped me, took care of me. I am still grateful to them for their help. I got into university and graduated. And so on and so forth.

So, first, it is important to decide as soon as possible, make this choice and, second, it is important to understand how to attain your goal, what is necessary for it. And, of course, it is very important to meet understanding people who would support you. I was lucky to have such people.

Sergei Malozyomov: Mr President, many have the same goal you were talking about, I think actually everyone who has come to Sirius.

I wanted to note that the talk we are having today is serious, unchildish - by the way, this is our event's official hashtag that girls and boys use when posting their pictures on social media. Is it also unchildish because many of those present here are engaged into activities that many adults would find complicated.

As one of the people behind the popular science ***programme*** Chudo Tekhniki (Technological Marvels) on NTV, I have found here many potential themes and characters, and they are absolutely grown-up.

For instance, the Aircraft of the Future is a device designed after a living organism - its creators will now speak about it in detail. Please, go ahead, this is very interesting.

Remark: Good afternoon, I am Sasha.

Vladimir Putin: Good afternoon, Sasha!

Remark: I am from Moscow.

While developing this aircraft, we used optimisation technologies which replicate the evolutionary process - that is, we used the latest ***programmes*** to develop the fuselage virtually.

Vladimir Putin: Naturalistic technologies are the most promising area.

Remark: Biological design. And we checked which zones of the material were used the least in analysing the stress, and we got rid of them. So we made a fuselage with a shape similar to an animal skeleton, and this shape is the most optimal one.

Vladimir Putin: What animal?

Remark: We will see how it will come out.

Sergei Malozyomov: They removed everything unnecessary, with only bones and ligaments left.

Vladimir Putin: Can I see it?

Remark: Sure.

Sergei Malozyomov: The result was a very light structure to save fuel and material.

Remark: I also have to say that one rather important point of our project is that we are the first to have used the optimisation technology for developing not separate parts but the whole of the aircraft fuselage.

Sergei Malozyomov: Guys, have you got a question to ask the President?

Remark: Yes, our team would like to ask a question on behalf of the Future of Aviation section that built that drone. I'll pass the microphone to my colleague.

Question: Good afternoon, Mr President, My name is Alexei, I am from St Petersburg.

As is known, the main sources of energy in Russia are non-renewable resources such as oil, natural gas and coal.

Vladimir Putin: Well, actually, that is debatable, they are said to be renewable to a certain degree, but it does not matter.

Remark: But the resources may one day run out. And what will happen when that happens? How do you see the energy future of our country?

Vladimir Putin: First of all, it is not going to happen any time soon. We keep on discovering more and more new deposits, confirmed ones at that. This concerns all the hydrocarbon raw materials: oil, gas and coal. As for what will happen, you and I know perfectly well: I think you are quite aware that the whole world is working on hydrogen energy, on renewable sources of energy, on bio fuels. Humankind has a wide variety of choices. The challenge is that it should be more efficient and cheaper than hydrocarbons. But this issue must be addressed today, and we must think about it today.

I have already quoted one of Saudi Arabia's energy ministers, I like that quote very much: he said the Stone Age ended not because people ran out of stones but because new technologies appeared. It is the same here, new technologies keep springing up, and we must be on top of this progress, we have to think about it now and get ready for it. And we do, we do so fairly actively in various fields. And I hope we will be fully plugged in when it becomes necessary.

Question: Good afternoon, Mr President. My name is Daniil, I am from Dolgoprudny in the Moscow Region. I would like to ask you whether there will be further material support for the projects that we are doing here in Sirius and the many projects by budding inventors throughout Russia? Or will they never see the light of day?

Vladimir Putin: As for whether they will see the light of day or not, I would like all of them to. Of course, this largely depends on how interesting they are, how much demand there is for them and what prospects they have. We have a whole system of grant support for young researchers in different areas. You have probably heard that in 2010 we launched mega grant support. But this is for outstanding scientists who have worked both in our country and abroad. Many of them came to Russia and established, if I remember well, 200 large labs since 2010. I met with them several months ago. They asked me to extend this ***programme*** and we have done so.

We have established several options of grant support for young researchers. One is individual support for, I think, a year or a year and a half. A small sum is allotted for it but it is still 1.5 million roubles. There is also support for research groups. Three million roubles are earmarked for it, and it may be extended. I think its term is two years plus another three.

And there is also support for labs. This is for a fairly large team of researchers and the grant is already 30 million roubles.

This year we allocated an additional three billion roubles. In all, we will earmark 50 billion roubles for the grant support system in the next few years. Let me repeat that this is an additional sum. Apart from funding science, academic science in general, all this is aimed at supporting young researchers.

By the way, those colleagues whom I met in Moscow, in the Kremlin, who asked me to extend grant support, spoke about the need to attract young scientists in many areas, such as environmental protection, ***agricultural*** sciences, physics and artificial intelligence. Work is being conducted in all of these areas. In the framework of the Agency for ***Strategic*** Initiatives, we have several options for supporting young specialists in various areas, for instance, Rusnano and Skolkovo that is building technology parks now. Technology parks for children are being established in 24 regions; 24 technology parks have been set up for young people, and another 17 technology parks will be established in 17 regions before the end of this year. So in general, there are places for you to go. I wish you good luck.

Sergei Malozyomov: Mr President, when we spoke here with young inventors, scientists and innovators another problem came up. They want not only financial but also legislative support. For instance, there is Sasha Kesarin, a molecular biologist from Pskov. Were you 14 when you illegally went to a university and a lab? Formally his documents did not allow him to go there but he made a deal and went there all the same. Tell us about it.

Alexander Kesarin: I was working on ecology when I went into a university because our labs did not have the necessary equipment and there were no specialised labs for research in biochemistry and molecular biology. But I have a different question: How can young researchers get a license for a patent? Under the legislation, this is not quite legal because such permits are issued to people 18 and older, if I am not mistaken. Or am I wrong? What about children who managed to create something when they are 14 or 15, before coming of age? They simply cannot act as entrepreneurs or engage in such activities.

Vladimir Putin: Look, as for entrepreneurship and the age when it becomes legal and full-fledged, our current legislation, our law allows a person upon reaching 14 years to be employed but it is necessary to observe many labour rules and restrictions. They apply to the number of hours of work per day and per week, and also other aspects. For instance, if a young man studies, he must be granted opportunities to continue his education and so on. There is a whole package of requirements.

Next stage is 16 years - 16-year-olds are allowed.

As for entrepreneurship, there really are certain restrictions. What do they involve? Say, a 14-year-old man is not quite legally competent. Suppose, a person involved in business at this age wants to take out a loan. Who will be responsible to the creditor? There are also a number of other consequences. But I still think that considering how this area of activity is developing and that many young people starting at age 14 can do it, it is necessary to make this legal. It is simply essential to think over an arrangement that would guarantee human rights without creating additional complications from the standpoint of exploitation of child labour, responsibility and the like. This can be done in principle. I have already thought about this. I will instruct the Executive Office and we will give it a try.

As for patent protection, to be honest, I do not see any problems or restrictions here. If someone invents something it does not matter what his age is. His invention must be protected. At that point, without attracting any financing, it is possible to receive an income and this income must be fully legalised. I agree with you completely.

Question: (A video is shown.) I would like to make sure that our president is just an ordinary person. He goes to some places; he talks to somebody; he is always on an airplane or in a car. In fact, where is he? When does he get some time to sleep? Does he have any time left for his favourite dishes? What if he feels like having some fast food? This is a natural wish. In fact, does he ever go anywhere on his own, without a security detail in tow?

Sergei Malozyomov: Supposing, Mr President, you would like to have a hot dog. Can you go and buy one? Is that the question?

Vladimir Putin: No, I would not. (Laughter.) I do not want a hot dog.

Do you want me to tell you a story? Some of the guys who work with me will probably be hurt, but it is interesting and straightforward.

When I became the President they asked me in the Kremlin - you know, they do something, they cook something special there, so they asked me: "Mr President, what do you like? What dish would you like?" I said: "It makes no difference to me. What you make is okay - I do not need anything special." "Perhaps you have some preferences?" I said: "I do not know." Prior to that I had been to some place as a tourist so I said: "Grebeshki [Russian word meaning both scallops and chicken combs] would be nice." They said: "Right." The following day they brought me the grebeshki. I started eating. They asked: "Do you like them?" I said: "Yes, they are not bad." However, I thought they tasted a bid odd. They said: "Thank God you like it because we had to behead so many chickens."

Sergei Malozyomov: They gave you chicken combs?

Vladimir Putin: They thought that grebeshki meant chicken combs.

They are simple folks - this is just to show you that there is nothing special there. They are simple, unsophisticated people. Granted, now they know what grebeshki really are - that this is seafood.

Of course, taking this question further, I can say that there are certain limitations in my work and I cannot simply go out for a walk in the street - you know, how can I? Traffic will stop dead in its tracks. Although, whenever possible, wherever I have an opportunity, I try to talk to people, mingle with people when I attend certain events. Perhaps you see this when it is sometimes shown in the media. This is useful. Even just a few words in passing also matter.

Otherwise, as I said, despite the pressure of work, I try to organise my schedule so as to leave a little time for something else as well.

Sergei Malozyomov: One more question. Choose a topic and a number, please.

Vladimir Putin: Let us do "The Price of the Matter," number two. What is it about?

Sergei Malozyomov: Economics.

Vladimir Putin: All right.

Question: (A video is shown.) Mr Putin, I have an idea to introduce a common currency all over the world. What do you think about it? And do you think this idea is realistic at all?

Vladimir Putin: The idea is good but it is unlikely to be carried out, at least now.

We have Bitcoin and other currencies. Our attitude to them is extremely wary because almost nothing has been regulated in this area. If you are interested in this you probably have seen that there were very high fluctuations on their markets quite recently. They may lead to very serious losses for the people or legal entities investing in these currencies. So today this project is difficult to realise but in the future it will certainly be possible. And if we think about this future, we must think about it now and in this sense nothing will probably be wasted. I wish you good luck.

"With Friends It's Fine," number three.

Sergei Malozyomov: "With Friends It's Fine," number three. International politics.

Question: (A video is shown.) I would like to ask you about the colonisation of Mars. Is it ***planned*** at all?

Vladimir Putin: You think this is international politics?

Sergei Malozyomov: Beyond. Not at home. (Laughter.)

Vladimir Putin: All right, so be it. Colonisation of Mars. Look, Mars is a stunning planet, very interesting. It is also called the red planet because of its colour. It is believed, or strictly speaking it is an established fact that it had an atmosphere. Apparently, due to various reasons it disappeared or rather it is very thin and light, not comparable to the atmosphere of the Earth, so Mars essentially does not have an atmosphere. Apparently it had oceans that do not exist anymore but recent studies have uncovered the presence of methane in the thin Martian atmosphere, and methane does not last for a long time, it disappears. Those of you who study chemistry know that probably as well as me. If it was detected in the atmosphere of Mars today, it means that some processes, such as decay, some boggy processes are taking place there. This shows that apparently there is water there in some state, most likely underneath the surface, and that something is going on underneath the surface.

This is extremely interesting and important for understanding the processes on planets of the solar system, including our planet, now and in the future.

There is another planet that is just as interesting: Venus. The processes that took place there are the exact opposite. The atmosphere there has become denser - many times over. However, whereas the processes on Mars are what I said they are, on Venus it is plus 700 degrees today. And some interesting processes are also taking place there. In fact, what is happening there is what we call the "greenhouse effect" - something that we are so afraid of. This has already happened on Venus, this greenhouse effect. Granted, it was not related to human activity but was due to objective, large-scale events in the solar system. But it happened. And it is very important and interesting to understand the processes that are taking place there.

In this context, I would like to tell you that we are ***planning*** to participate in studying Mars with our European colleagues. Actually, we are already participating in this project. Just recently, our European colleagues, with our participation, tried to land Mars rovers. Unfortunately, the attempt failed. Now - I do not remember exactly when, but I believe in 2020 - we ***plan*** to make another attempt with the Europeans, but this time we will build our own landing system. I hope that we will make it.

The next project is the movement of the moons of Mars and sending a lander there. So there is a clear-cut deadline. The launch is ***planned*** for 2019 and several years later the landing on Mars will take place, and because the atmosphere there is highly rarefied - in fact, there is almost no atmosphere there - the lander will have to move around Mars so that everything happens as scientists ***plan***. We are continuing to work on this.

Sergei Malozyomov: Is the person who asked the question satisfied with the answer? By the way, all the people who asked questions are here.

Vladimir Putin: Are they? And who asked it?

Irada Zeinalova: Gordei, are you happy? Are you satisfied with the response?

Remark: Yes, thank you very much.

Vladimir Putin: This is an interesting field of activity. We have an entire research institute working in this field. I advise you to go there as well. Actually, I will ask Lena to invite specialists from it and they will talk to the kids.

Yelena Shmelyova: Absolutely.

Vladimir Putin: What they have to say is fascinating.

Sergei Malozyomov: Let us take another question, "Your Game". Please chose another category and question number.

Vladimir Putin: We did number 1 and number 2... Which did you like more?

Sergei Malozyomov: We have not been over "We Have Been Through That" yet - that is science and education.

Vladimir Putin: Right.

Sergei Malozyomov: "Home Is Best" - domestic politics.

Vladimir Putin: "Home Is Best." Of course, home is best. Let us have number 3.

Question: (A video is shown.)Does he have a political successor and who is it?

Vladimir Putin: Who is "he"?

Sergei Malozyomov: As I said, we recorded the interviews with them when they did not know yet that you would come here, so they talk about you in the third person.

Vladimir Putin: I see. In other words, do I have a successor? I would like to tell you right away that general international practice is that if a party leader, country leader or state leader leaves office, as a general rule, but not always, he or she presents and recommends to society a particular person who could lead, for example, a government, country or party. However, at the end of the day, it is the people who decide who will lead the country - by direct and secret ballot in keeping with the Constitution of the Russian Federation. So, whoever is put forward, it is the citizens of the Russian Federal who have the final say.

Irada Zeinalova: We will come back to the game later. We have just received results of the instant poll on the age when people want to start working.

Mr President, the results are very surprising. Please put the results on the screen. Around 41.7 percent want to start working at the age of 14 and this is the majority of the respondents. It is a great surprise for us all but these must be people who truly have ambitions for the future, Mr President.

Vladimir Putin: No, the question had slightly different implications. The young man was talking about entrepreneurship. The legal age of employment is 14, subject to certain restrictions. He was asking about starting a business at 14. Did I understand your question right? Yes, of course. So you did not formulate the question correctly.

Irada Zeinalova: Perhaps the point is that one begins to ***produce*** something, to do some work and take responsibility for one's actions.

Vladimir Putin: This is what entrepreneurship means.

Irada Zeinalova: Starting at the age of 14.

Vladimir Putin: But your question was phrased in a different way: at what age do you want to start working? It is legal to be employed at 14. But there are other options besides employment. So, next time please be more specific: at what age do you think one can engage in entrepreneurship?

Yegor Kolyvanov: Generally, I think the aspiration is commendable.

Vladimir Putin: Of course.

Yegor Kolyvanov: Regardless of the implications.

I would like to bring your attention to this side of the audience. We have another very interesting project. You have seen an aircraft that pushes off a bird, as I understand it. Now, there is an even better high flyer. We have a black box here, let us see it. What do you think is in this black case? A real what?

Vladimir Putin: I have a black case of my own, you know. (Laughter and applause)

Yegor Kolyvanov: Your black case is, no doubt, much cooler. But this one may surprise you too. This black case contains a real satellite. Now tell us about it.

Alexander Vorontsov: Good afternoon, Mr President. My name is Alexander Vorontsov, I am from Kachkanar, Sverdlovsk Region. We developed a real satellite that has the dimensions of 10x10x10 centimetres and weighs only 1 kilogram.

Yegor Kolyvanov: This is what you would call a nanosatellite.

Vladimir Putin: Can I take a closer look?

Yegor Kolyvanov: Absolutely. This is a rare opportunity to see it. Recently our carrier rocket launched 72 nanosatellites into orbit. That was a record number and now we can see what they are like.

Vladimir Putin: What are the satellite's purposes?

Alexander Vorontsov: This satellite can be used for studying space weather. We developed a sensor that can detect charged particles and record their energy. My colleagues are demonstrating this process right now. As this satellite will be put into the constantly decaying orbit, during its flight we will be able to collect detailed data on which orbits contain which charged particles, that is, to develop a map of charged particle distribution that could later be used to verify the existing mathematical models.

Vladimir Putin: How do you ***plan*** to launch it?

Alexander Vorontsov: We hope to get help from Roscosmos. In 2013, the corporation announced that it would launch training satellites for free. Therefore, we have a question for you because we have no information about the satellite launch procedure.

Vladimir Putin: How much does it weigh?

Alexander Vorontsov: CubeSat satellites usually weigh 1.33 kg but this model weighs, if I am not mistaken, one kilogram.

Vladimir Putin: How much?

Alexander Vorontsov: One kilogram.

Vladimir Putin: Let me see, I can talk to Roscosmos. My understanding is there would be a tender, most likely. You probably need to win a tender.

Alexander Vorontsov: We are ready.

Yelena Shmelyova: Mr President, we also collected questions from our students, wrote them down on cards and suggest that you draw several random questions.

Vladimir Putin: This is really no nonsense. Please draw a question for me. What is your name?

Remark: Kirill.

Vladimir Putin: Kirill, go ahead, draw a card for me. Read it out, please.

Question: What do you think of the people who dodge the draft?

Vladimir Putin: Very good question, well done.

Irada Zeinalova: While we have a brief pause let me remind you that we are live not only on NTV but also at ntv.ru, our YouTube channel, and our Vkontakte page. We have a huge audience that uses all these platforms.

Mr President, so, what do you think of those who dodge the draft?

Vladimir Putin: Kirill pulled out a good question. What do you think of those who dodge the draft, that is, avoid army service?

You know, I would like to begin by saying that the humankind has made a very difficult journey to be where it is today. If we look at ancient times, when people lived in tribes, even then protection of the fellow tribe members was a very important duty, if not the main duty of a man. It was an extremely honourable and important job.

Today people do not live in tribes; they live in countries. However, you can draw a certain analogy. If we look at the defenders of the Fatherland, defenders of our country, what do they do? What is the point of military service? It is willingness to give your life for your fellow countrymen, your loved ones and even the people you do not know but still consider family. This is the meaning of military service. When a man avoids fulfilling this duty one cannot help but feel repulsed and judge this person.

Of course, there are many aspects of military service. There were times not so long ago that the army is not proud of, for example, harassment of new conscripts, and so forth. There is nothing good about this. We have mostly eradicated this phenomenon by now. But this is not the point. No matter what, the army must exist, and men must serve. Some choose military service as their main career, while for others it is only a temporary conscription. But every person must contribute to the country's defence. And I strongly condemn the people who dodge the draft. And on the contrary, I have great respect for those who are ready to serve their nation and protect it even if it means the ultimate sacrifice. We have many people like this in Russia and many among young people.

You know, we have endured great hardships caused by international terrorism. I will never forget those men who gave their lives and demonstrated their courage and heroism. I was particularly impressed by the fact that, for example, while during the Great Patriotic War entire society was geared towards and all the resources were used to drive away the enemy and win, we did not see a similar situation in the late 1990s and the early 2000s. And young men, many just a little older than those present here, went to the army at the age of 18 or 19 and participated in very fierce military action. They were heroes. When I saw frontline reports, I was honestly fascinated by our young boys' dedication to the service, their military duty and the country. And, which is very important, they faced bullets not thinking that tomorrow the country will talk about them like today the country is talking about Alexander Matrosov and other heroes of the Great Patriotic War. They just performed their duty to the nation. This deserves great respect.

Those who dodge the draft should think about what I said.

Question: Good afternoon, Mr President. My name is Masha, and I study music.

As a musician I would like to thank you for supporting Russia's national legacy, our classical music and performance arts.

So, here is my story. I am a student at the Moscow Conservatory's Central Music School. From the very beginning, I have been learning two instruments, the piano and the violin. I think my studies have been successful. I have won many contests, including the Tchaikovsky Competition, in both instruments. I do not pay tuition for my violin courses but I have to pay full tuition for the piano studies even though the subjects are the same except for the practice itself.

Vladimir Putin: The subjects besides the practice are also important.

Remark: Yes, and all the other subjects are the same.

So I have the following question. Unfortunately, there are not so many of us, musicians who study professional performance of several instruments. Is it possible to introduce a regulation that would allow practicing several instruments without paying full tuition and only paying for the practice?

Thank you very much.

Vladimir Putin: I believe it is up to the school to make this decision, not the Government.

Remark: But my second practice is additional education.

Vladimir Putin: I think this is more of an exception, not an ordinary case. We can definitely make an exception for you. I will ask my colleagues who are present here without being seen to make a note and to look into this issue. We will make it possible.

Remark: Thank you very much.

Question: Good afternoon, Mr President. My name is Danil, and I am from Kazan.

My question is this: which unsolved historical mysteries would you like to find an answer to or unravel?

Vladimir Putin: Mysteries of which history? History of the world, the origin of the universe and the solar system? This is a very interesting history, by the way. I would really like to unravel it. I would love to understand what lies at the origin of the solar system's formation. Is it the Big Bang or some other phenomena? I will move to other topics as well now.

Several years ago I invited researchers from the Academy of Sciences and asked them to hold a series of discourses, not lectures, but discourses with members of the Security Council. My colleagues do not argue with me much as a rule, but it felt like they did not want to waste their time on very abstract matters such as this. Nevertheless, eventually everyone was carried away by these stories, these discourses.

If we consider the Big Bang theory, the people studying it know that it is one of the today's main versions of the origin of the universe: there is a giant explosion dispersing matter, and gradually stars, our sun and planets are formed. And then all of this is gradually drawn into the so-called black holes, which is a huge mass of matter, followed by another explosion, and everything starts all over again. And when we reached this issue, I asked the researcher from the Academy of Sciences who was holding these conversations: "Listen, is that really possible?"

"Yes, it is feasible that this is how it happens," he said. I asked him: "But where did this mass come from initially?" He looked at me and said: "This is not the issue we should be addressing. We do not know the answer yet, so perhaps you could try asking a priest." It is very interesting to think about these things and to try to understand them.

If we are talking about the history of humanity, of course, it is very important to see how epochs changed, very interesting to see how humanity made the transition from one way of life to another. Slavery, feudalism, capitalism - I hope this is something you study at school. There are other ways to describe the stages of humanity's development. It is fascinating to get deep into the subject and to look at the way epochs changed.

As for our country, which is a subject of special interest to me, and I hope to you as well, it would be very interesting for me to see how our country made its way out of critical situations, from the most difficult periods. How did it first get into those times of troubles, and which inner forces lead the country out of the situations it found itself in. The so-called time of troubles that I just referred to, the attack on Moscow: those who study history know about this period, how the popular movement originated in Nizhny Novgorod and how it all unfolded.

How peoples and ethnic groups became consolidated over the huge territory that our country occupies today, how some ethnic groups disappeared while others emerged, and how they interacted. It is no secret now that, let's say, the Finno-Ugric tribes lived not only in the areas around Lake Ladoga, but in the central part of Russia as well. And archaeological sites, artefacts and utensils show that Slavic and Finno-Ugric tribes coexisted in harmony. It is very interesting to get there and see. There are a lot of things to think about and study.

Thank you very much!

Irada Zeinalova: Mr President, could you please choose the next person who will get the microphone? By the way, the people standing in the balconies can also get the microphone, they can also ask questions, so please tell us who I should give the microphone to next.

Vladimir Putin: Please.

Irada Zeinalova: Please choose who will ask the next question.

Vladimir Putin: There, give the microphone to the guys over there.

Question: Hello, my name is Irina, and I would like to ask a question about Russia's environment. Which projects is the state ready to support and which concessions is it ready to make for this?

Vladimir Putin: Concessions to whom?

Question: For instance, young people propose specific projects, so which concessions is the state ready to make to have these proposals come to fruition?

Vladimir Putin: Well, first of all, this year has been declared the Year of the Environment in Russia. You are aware of that, aren't you? This is not a coincidence. I would like to raise public awareness regarding the complicated processes underway in this sphere, the threats which we encounter or face or will be facing in the near future so that government agencies and NGOs unite their efforts in addressing environmental problems.

There is also an absolutely practical aspect which has to do with introducing new technologies. We have adopted relevant laws in this area making it obligatory for companies to shift to the most efficient technologies that have gained recognition around the world. Unfortunately, we were forced to postpone the laws' entry into force because the country experienced economic problems over the previous several years and companies convinced the Government that new environmental requirements were an additional burden for them, making it even harder to tackle the current economic problems. On top of that, introducing the most up-to-date technologies required large outlays.

Therefore, we postponed it a little, but the final decision has been made and all of our companies will be shifting to these modern technologies. I hope this will result in significant benefits to high-tech production branches, because this will boost both high-tech technologies and the environment. This is one area of our work.

Another very important area is something I am sure you heard about during the Direct Line because it is an issue that people raised. This issue - rubbish - may not seem important, but all these landfills are located all over our country. There is supposed to be processing of solid wastes there, but unfortunately it is too limited and absolutely insufficient. We have a big ***programme***, but unfortunately, there is only enough financing to cover it partially, but we are making first steps and we will be definitely moving forward.

Question: Hello! My name is Misha. I developed the Govorilla mobile application. I would like to ask about your relationship with your parents when you were a teenager? Whose advice did you follow: the advice of your parents or the advice of some mentor? Thank you.

Vladimir Putin: It was different in different periods.

First, we should proceed from the fact that our parents love us. Our parents love us very much. And we do not understand this early on. We do not understand the mother's role. You are adults now. But we forget a lot of things; we forget all kinds of things all the time. But our mothers never forget, they do not forget how they raised us, fed us and cared for us. And we must never forget this as well. Therefore, everything our parents try to suggest to us, to advise, they are doing it from the bottom of their hearts, because they wish us well. But this does not mean that an individual cannot have a choice of his own; in fact, just the opposite is true. Educated, experienced people realise that you cannot impose anything on anyone.

I would like to tell that your whole life is ahead of you, and one day you will be parents as well. As future parents, you will not have any rights to someone else's life, including the lives of your children. You need to treat them like people, like individuals, with respect for them and for their choices. But you should try hard to direct them. This is a very fine line. One needs to be a good educator, but not everyone has a talent for it. You need to do your best to teach moral values to a young person, to guide his or her interests in the right direction. But the final choice is up to the individual.

This is why I had a very good relationship with my parents. They loved me very much, and I could feel it all the time. But still I tried to make my own choices. My points of view, my choices did not always coincide with the choices of my parents. And I tried to explain to them without hurting their feelings that my choice was right.

For instance, at some point I wanted to go to university. My parents were totally opposed to it, because by that time I was a judo champion among youth in Leningrad, I trained at the Trud organisation, and our club was allotted to a specific enterprise, very large one, and there was a higher educational institution attached to it, which it would have been easy for me to get into. I made a completely different choice, a choice that was dangerous to a degree, because there was a chance that I would not get in, which would have lead to problems, but I made up my mind that the best way to the target is a direct one. And, despite my parents' objections, I managed to convince them that I must do what I decided.

Of course, from a certain period in time I deferred to the opinion of my coaches. I had a very good coach, Anatoly Rakhlin, a very thoughtful person, and we never had any doubts about his sincere attitude to us, to the boys he was training. This is why I respected his opinion, deferred to it, although in terms of university studies he strongly advised me to choose a different path. But I made my own choice.

A few words about mentors at different stages.

I believe that it is wrong to disregard the opinions of other people, but eventually we have to make our own choices, even if these choices and paths are fraught with difficulties or mistakes. Everybody needs to go through this.

Irada Zeinalova: How difficult it can be to hear each other, even for people who love and trust each other very much.

Questions keep coming to our VKontakte page. We would like to ask some of the questions that seemed the most interesting to us, because these are the people who are following our conversation and would really love to ask these questions. Could you put up these questions on the screen, please?

Maxim Sintyakov: "Did you do well at school? How did you achieve everything that you have? What does success mean for you?" is the last question is probably the most important one.

Vladimir Putin: I already talked about how I did at school and I do not think it is worth talking about this again, it would be a waste of time. As for success - what does success mean for you? Success for me is a chance to use the results of some achievement. An opportunity to use the results of reaching a goal. You set a goal and reach it, but that is not enough: you must be able to and know how to use these results either by yourself or by delegating it to others.

Irada Zeinalova: Another question on the screen please. Dominique Mare: "Do you consider censorship, limiting the freedom of speech in the Internet justified?"

Vladimir Putin: I would not speak about censorship, we have no censorship. There was censorship in the Soviet time, but it was official, there were corresponding authorities, censors, they worked, it was their work, they were paid for this. Now there is no censorship in any sphere.

As for the Internet and freedom. I already told you that freedom as I see it is a fundamental value. However, as you may remember, I said that freedom either ends or is transformed in some way at the point where it collides with the freedom of another individual.

The same applies to the freedom of the Internet. Everything that does not violate the law must be allowed there.

For example, drug trafficking, promoting terrorism, the so-called groups of death, which push young people to commit suicide, and so forth - what is that? Do we have to grant everyone the right to engage in destructive, criminal activity? Of course not. Society must defend itself against crime.

This is why the Internet must be governed by the same laws that are valid everywhere, regulating public activity.

Irada Zeinalova: If you don't mind, we will take another question, the third one, very briefly. Nastya Denisova: "How far are you ready to go to reach a goal? That is, does the end justify the means?"

Vladimir Putin: Nastya Denisova asked a very profound question. Many of us are familiar with this formula: the end justifies the means. If the goal is good and noble, it does not matter what methods and means we use to achieve it. I totally disagree with this, because if you use some appalling means to reach your goal, you actually destroy the very goal you live for.

The end does not justify the means, at least not always. To reach a noble goal, a goal that is worth living for, you need to think about the means you can use to achieve it.

Irada Zeinalova: Thank you.

Sergei Malozyomov: Another round of "Your Game", if you don't mind, Mr President. Let's give a chance to the guys who recorded an interview ahead of your visit. Let us take some new categories, not the ones we have seen already.

Eyes on the screen, please.

So, ZOZHizn, ECOnevidal, Ballet Ticket. And A Pig in a Poke - surprise questions.

You need to choose a topic and a number of a question. ZOZHizn - health and medicine, ECOnevidal - the environment, Ballet Ticket - the arts, and A Pig in a Poke - something unexpected.

Vladimir Putin: How about a Ballet Ticket. I wonder what it is about.

Question: What kind of music do you like?

Vladimir Putin: You know I have always enjoyed listening to the so-called popular classical music, both by European and Russian composers: Bach, Beethoven, Mozart, of course. Maybe Mozart, first and foremost, for me, in any case. Then, some Russian composers: Rakhmaninov, I love his Vocalise. Schubert, Liszt, the Serenade is a great melody, I really love it, and Liszt's interpretation of Shubert. Then, from Russian composers: Tchaikovsky, this is magic music. Stravinsky, Shostakovich. It is difficult for me to understand a composer like Schnittke, although he is very well known and we are also proud of him, but, as they say, only a well-educated listener understands all the diversity and all the depth of his work. I have not reached this level yet. But I hope I will make progress in this direction.

Sergei Malozyomov: One more subject and number, please.

Vladimir Putin: Let's do ZOZHizn. What is it?

Sergei Malozyomov: ZOZHizn - health, healthy living, medicine.

Vladimir Putin: All right.

Sergei Malozyomov: And the question number?

Vladimir Putin: Two.

Sergei Malozyomov: ZOZhizn, question two.

Question: What is your favourite martial arts technique, and why?

Vladimir Putin: My favourite martial arts technique? I already talked about it, and those who love it and who practice martial arts will understand it, but the others will not. The arm throw, first, and the forward trip, second. And why? That's just how it has turned out, I did them them, and they suit me, my body the best. I was good at them.

Sergei Malozyomov: Let's do A Pig in a Poke, please, if possible.

Vladimir Putin: All right.

Sergei Malozyomov: And question number?

Vladimir Putin: One.

Sergei Malozyomov: A Pig in a Poke, question one.

Question: Did he ever go nuts when he was a kid?

Question: Did you misbehave as a child, Mr President?

Vladimir Putin: I did not understand anything, what did Masha say?

Remark: She said: did you go nuts as a kid?

Masha is here.

Vladimir Putin: Masha, could you repeat the question, please?

Sergei Malozyomov: Were you a well-behaved child, if I understood it correctly.

Vladimir Putin: Masha, could you say it again, please?

Remark: Hello.

Vladimir Putin: Hello

Sergei Malozyomov: Go ahead, repeat your question.

Vladimir Putin: Masha, say it again please. I am too far to bite you.

Question: Did you ever fool around as a child?

Vladimir Putin: Yes, of course I did. And I wish you the same.

Remark: Thank you.

Irada Zeinalova: Let's go! Does anyone else want to ask a question? Mr President, pick anyone you like. As you can see, there are still a lot of arms in the air.

Vladimir Putin: Guys, you put me in a difficult position. Here is a young man in a red tie. He probably wore it on purpose today.

Sergei Malozyomov: Looks like an MP, doesn't he?

Vladimir Putin: Yes, he does.

Ivan Aleksandrov: Hello, Mr President. I am Ivan Aleksandrov, and I am from Mariinsky Posad in the Republic of Chuvashia. At school, I take part in the Zarnitsa game. My team does well in municipal competitions every year, and in 2017 it became a participant in the republican finals. The games teach us to be unwavering, strong, and to achieve our goals. Mr President, did you take part in military patriotic games Zarnitsa and Orlyonok?

Vladimir Putin: Unfortunately, I did not, I can tell you this honestly, I will not lie, I do not like doing this. I did a lot of sports at that time. There was a period when I was a semi-professional. I became a champion of Leningrad among youth quite early, and I devoted all of my free time to it. This is why, honestly, when I studied at the military department at the university, there was a Major Gvozdev, I still remember his surname, he was in charge of military training, and my specialty was a howitzer artillery officer. And since I was often absent because I went away to training camps, he was quite hard on me and urged me to study the equipment.

Question: Mr President, how many pull-ups can you do?

Vladimir Putin: You know, I used to do 15-17 pull-ups in a rep. But once when I was President, I started doing pull-ups - I always do them in the morning - and I had probably not warmed up enough, for sure I hadn't, and I felt a sharp pain in my shoulder. But you remember, as Vysotsky said, "If I decided something - I will definitely drink it until the end." So I went on with my pull-ups, even though my shoulder was hurting, but I thought I have to finish what I started. Eventually, I could not do pull-ups for six months, and I have stopped doing them since then. This is why you have to be careful. But I used to be able to do 15 to 17 pull-ups. And how many can you do? How many do you do, Vanya?

Remark: 25 times.

Vladimir Putin: Well done. Vanya does more pull-ups than the President. Great job.

Actually, I have a good rule I try to follow: if you respect, really respect a person, then you must admit that he is better at something than you are. Vanya is better at this.

Question: Good afternoon, Mr President.

I am Kirill Lakhminov from Moscow. As you know, the world is on the verge of a breakthrough in biotechnology. I have a question. How prepared is Russian science and Russia for implementing incredible and sometimes crazy ideas in biotechnology?

Vladimir Putin: This is a key area of development in the near future along with digital technologies and artificial intelligence. I really hope that specialists working in this sphere will fully execute the tasks facing them. We will help them in every way we can.

I already mentioned that we have a system of grants and support, apart for the current financing of the relevant academic institutions. These mega-grants, including those connected with biology, bio-engineering, and so forth - I am not a specialist and cannot list all of them, hence I name the main, principal and most promising areas of research. But I meet with these people, though not regularly, but we have a whole division in the Executive Office that deals with providing support for science. We created funds that allocate grants and we will be monitoring this.

Academician Tamm used to say that if the 20th century was the century of physics, then 21st century will be the century of biology. It seems to be so.

Irada Zeinalova: Thank you.

Mr President, let us move to this sector, since the audience here is starting to look bored. Who has brief questions, so that everyone can have a turn?

Vladimir Putin: If we let everyone have a turn, we will spend all night here.

Question: Hello, my name is Marina. I am 16 years old. I cannot thank you enough for the opportunity to be here. I think that many in this audience have the same question in the light of recent developments. I would like to hear what you think about political competition in Russia and your assessment of some opposition activists.

Vladimir Putin: Here is what I think about this. There was a time when the number of parties was limited in our country. The law was engineered in such a way that in order to register a political party a number of conditions had to be met and meeting them was not so easy, if not quite challenging.

Several years ago, we radically eased these requirements. Today, there are several dozen registered political parties. By the way, there are practical people in politics who do not think that it was a good thing to do, arguing that it makes these political parties less responsible for what they say, what they offer and completely relieves them of responsibility for their work and fulfilling the pledges they make. This is not an easy matter. Anyway, we decided to opt for maximum liberalisation.

What is the value of political parties, even the ones that are not represented in the State Duma? They put forward ideas and criticise the authorities. There are always things the government can be criticised for. Life is complicated and diverse, so trust me no one can resolve all issues and come up with ideal solutions. No one can do that.

This does not mean, however, that we should not try. The issues at stake should not be a matter of speculation. What we need instead are proposals on ways of dealing with these issues. For example, corruption should not be a matter of speculation, since it exists across the world. It is true that in countries undergoing economic transition and where economic laws have yet to take root, the situation is more complex, which gives rise to corruption.

Look at what happened with our neighbours. The current government was voted into power on promises to fight corruption, but this was just one of the banners the opposition used to take over the country. Unfortunately, they chose to do it by staging a government coup. Now that they have the power, what are the results? There is even more corruption. Ukraine is choking with corruption from the top to the very bottom. This means that merely shouting 'Catch the thief' is not enough. The ones denouncing the thieves should also stop steeling.

For this reason, society in general, and I personally, look for people offering interesting and sometimes courageous breakthrough solutions that would enable Russia to move forward, regardless of whether they have power or not. There is no doubt that we will always work with people like that.

Question: Good evening, Mr President.

Vladimir Putin: You see, there is competition as we speak, the microphone is switching hands all the time.

Anna Negasheva: My name is Anna Negasheva, I represent the Yunost synchronised figure skating team. We are all present here today.

Vladimir Putin: Can I see all of you, girls?

How many of you are there on the team?

Anna Negasheva: There are 16 team members plus some substitutes.

Vladimir Putin: And all of you perform on the ice at the same time?

Anna Negasheva: Yes. This is, actually, what my question is about. Our team won the national championships 15 times, and in March 2017, we won the junior world championships in Canada.

Vladimir Putin: Congratulations.

Anna Negasheva: Thank you.

It is quite frustrating that this spectacular and wonderful sport that attracts so many people is unfortunately overshadowed by other sports. Very few people know about us, and not a single national television network is willing to broadcast competitions or even help promote this wonderful sport. Meanwhile, Russia is a world leader in synchronised figure skating. For example, Paradise, the team from St Petersburg, holds two world titles. Almost every Russian city has a synchronised figure skating team, including Kazan, Moscow, Yekaterinburg, St Petersburg, Salekhard and Perm.

Yegor Kolyvanov: So what is your question?

The kids are waiting. Go ahead and ask your question.

Anna Negasheva: My question is: what can we, athletes, do to change things so that synchronised figure skating finds its way into the Russian information space?

Vladimir Putin: I think that you have done everything you could by becoming champions. From here, it is no longer up to you, but up to government agencies and the leading national television networks to do their part of the job. But I do think that they will hear you, and I am on your side as well.

Anna Negasheva: There is one thing I wanted to ask you on behalf of the whole team, if I may. Could you make one of our dreams come true by taking a photo with us? It would be a great pleasure for us if you could pose for a photo on ice with our coaches and another four team members. We invite you to our gala performance, to be more exact, to a gala figure skating show tomorrow at Sirius' ice arena. We would be very happy to see you there so you can experience the world of figure skating and fall in love with it, just as we did.

Vladimir Putin: You want me to look out of place with all of you? (Laughter) First Vanya, who can do 25 pull-ups, humiliated me, now you want me to look like a duck on ice, is that what you are saying?

I am joking, of course. It will be a pleasure for me to take a picture with you today, and maybe tomorrow, if I can.

You know, I am also learning to skate, although not in the same way as you. It is not easy for me, since I started skating only five years ago, or even four and a half years ago, to be more exact. I could not skate at all and could hardly understand how people do it. When I first tried skating four and a half years ago, I thought, now that I got moving, how do I stop? I finally managed it somehow. My second thought was that I would never learn to skate, would never be able to do it. I kept saying to myself, just take off your skates and stop this nonsense.

There is some progress, but the way you skate is still beyond my comprehension. I simply do not understand how this is possible. But you are showing us that you can do it. As for broadcasts, this is not an Olympic sport, right?

Anna Negasheva: There are now discussions about making it an Olympic sport. A special commission was created to examine rules for including synchronised figure skating in the 2022 Olympics ***programme***.

Vladimir Putin: Yes, I know that, and I am confident that as soon as it happens, television networks will look at you differently. The authorities and I personally will try to make sure that you get the treatment you deserve.

Question: Good evening, Mr President. My name is Shamil Mukhtarov. I come from the city of Yelets in Lipetsk Region. I have the following question: what do you believe to be the key issues in ***agriculture*** that Russia is currently facing?

Vladimir Putin: There is an issue that is quite relevant for both cattle breeding and crop farming: Russia needs its own seed grain, its own foundation stock. Even though we are seeing robust growth rates in ***agriculture***, we still depend on imported pedigree cattle stock and seed grain. This is something we should be paying special attention to in the near future.

Yegor Zaytsev: Hello, my name is Yegor Zaytsev, and I am from Kaliningrad. Russia is currently on the black list of countries with negative population growth. When will we get off this horrible list?

Vladimir Putin: It is not true that Russia has negative population growth. Quite the contrary.

Yegor Zaytsev: We are being told at geography classes that almost all regions have negative population growth, with only few exceptions.

Vladimir Putin: You are being misled. This is not the way things really are.

Yegor Zaytsev: Have things changed?

Vladimir Putin: When did you learn it?

Yegor Zaytsev: This year, or maybe last year.

Vladimir Putin: This is not true.

Yegor Zaytsev: When did the trend change?

Vladimir Putin: Two years ago.

Yegor Zaytsev: Thank you.

Vladimir Putin: Support measures for mothers and children have been in place for several years now. This, as well as substantial, albeit insufficient, improvements in healthcare, has increased life expectancy in Russia and substantially reduced infant mortality. Russia is now among the top countries with maternal mortality at almost zero, despite the fact that we adopted international standards for measuring newborn weight and a number of other indicators, which complicated the statistics. Russia is no longer in this downward spiral. For two years now, or even for a slightly longer period, Russia has reported natural population growth.

Question: Good evening, my name is Anastasia. Here is my question: how can we further develop the country, if the number of state-sponsored scholarships is declining, while the cost of education is increasing?

Vladimir Putin: The number of state-sponsored scholarships is not declining.

Remark: I have the statistics.

Vladimir Putin: No, the number of scholarships is on the rise.

Question: Hello, my name is Anastasia. I am from Novy Urengoy. It is no secret that it is hard for university graduates to find a job, since all employers require experience, but how can a graduate obtain this experience, if you cannot get a job without it? I know that attempts are already being made in Russia to resolve this issue. For example, the company where my parents work holds a contest for young specialists with an employment grant as a prize.

My question is the following: could the Government offer tax benefits to companies that hire a certain number of young specialists? Perhaps 10 or 15 first-time employees or some other number.

Thank you.

Vladimir Putin: Regarding tax benefits, this may not be the best solution. There are many issues. If we try resolving all of them with tax benefits, we would destroy the budget, it would simply cease to exist.

That said, something has to be done. A ***programme*** for working with the economy, businesses and corporations has been devised to address this. For instance, this is one of the items on the agenda of the Agency for ***Strategic*** Initiatives. We also keep in touch with business associations. We promote internship ***programmes*** so that corporations and higher education institutions can work together on selecting and training potential employees. This is a major initiative, and I very much hope that it works.

Question: Hello, my name is Yegor, and I am from Sochi.

You have told us that you seek to support gifted school students in Russia. In doing so, you are trying to help students from all across Russia. If that is so, why do only Moscow students get prize money for winning academic Olympiads? Starting this year, winners of national academic Olympiads from the regions are no longer entitled to prize money, while these prize earnings for Moscow students have increased. Is there a way to fix this situation?

Vladimir Putin: To be honest, I have not quite understood the question. An academic Olympiad is what it is, if you win, you get a prize. Is it not the case, if you are from Sochi?

Remark: Prizes are not being paid starting this year.

Vladimir Putin: How come? You mean, if a student wins a national academic Olympiad, he or she is told: "Since you are from Sochi, step aside." Is that so?

Remark: Yes. From 2006 and until 2016, runner-ups received 30,000 rubles, and winners got 60,000 rubles. But this year the system stopped working.

Vladimir Putin: What about Moscow students?

Remark: In Moscow, runner-ups get 100,000 rubles, and the winner gets 200,000 rubles.

Vladimir Putin: This is the first time I hear about this. I will look into it. Yet, this seems a bit strange.

Remark: This is the way things are.

Vladimir Putin: I mean, I can hardly imagine such a situation. You compete in a contest, say in an academic Olympiad, you win, and then they tell you that since you come from Sochi, you will not be paid.

Remark: This is not just about Sochi, but also about all other cities.

Remark: Yes, all the regions, except Moscow.

Remark: It seems that Moscow students get payments from the city budget.

Vladimir Putin: I will have to look into this. To be honest, this is the first time I hear about this.

Remark: Thank you.

Vladimir Putin: Maybe you are referring to the prizes that are paid by the regions, and Moscow still pays them. I will find out.

Vlad Belkin: Mr President, my name is Vlad Belkin, and I am from Orel. Here is my question: there are many children in this studio from all across the country, and they all have specific interests to which they dedicate their time and efforts during off-school hours. Some dream of becoming actors, while others want to become Olympic champions. I would like to ask what you did for extra-curricular activities when you were still in school?

Vladimir Putin: What did I do after school?

Vlad Belkin: Yes.

Vladimir Putin: Mostly sports. I sometimes went to classical music concerts, and occasionally read history books.

Vlad Belkin: What were your favourite school subjects? I mean, what were you interested in, and what subjects were boring for you?

Vladimir Putin: There were various subjects I preferred at various times, depending on my future life ***plans***. As I have already said, at a certain point I switched to a specialised school, thinking that I would go on to enrol in a technology university. When I had this in mind, I focused on the relevant subjects. I later decided to go to law school and focused on history and foreign language studies. But I always had time for sport.

Question: Hello, Mr President. I come from the city of Zadonsk, Lipetsk Region. My name is Vladimir Vladimirovich, just like you.

Vladimir Putin: A story from my university years just came to mind. We had a professor, Avksentiy Melitonovich, who taught collective farming law. There was this discipline in those days. Since there were collective farms back then, there was an area of law covering them. So, a student shows up for an exam in collective farming law. The professor looks into his grade book and says, "Your name is Avksentiy Melitonovich?" The student answered affirmatively. The professor looked at the grade book again, then again at the student, then gave the student an A and sent him on his way. The professor was a very nice person.

So, Vladimir Vladimirovich, I am listening.

Question: For two years now, I have been attending a rocket modelling class, offered by a youth activities centre in Zadonsk. We make paper rocket models and launch them using a solid-fuel engine to an altitude of 200 to 300 metres.

The problem is that over the past two years, we have not received any financing. I asked around, and it turns out that youth centres in other regions are also receiving very little financing, so students have to pay in order to keep attending these workshops. Can this be fixed? Can you help us?

Vladimir Putin: This is a regional issue. Where are you from? Can you say it again?

Remark: The city of Zadonsk, Lipetsk Region.

Vladimir Putin: I will have to ask your governor to pay attention, since extra-curricular activities are financed by municipalities. Unfortunately, there are many issues in this area. This is true. However, you have a very experienced governor, Mr Korolev. He has been in office for a long time, and I think that he can figure out what to do to improve things.

Remark: Thank you very much.

Vladimir Putin: What do you launch? Rockets?

Remark: Rocket models. This is the rocket modelling division of the aero-modelling sport.

Vladimir Putin: This is great, since all our remarkable engineers also started with modelling, and later went on to become world-class experts. Best of luck to you!

Remark: Thank you.

Question: Hello, Mr President,

My name is Robert, and I am from Kazan. I am here as a science student, but I also do karate. I would like to know whether there are any ***plans*** to organise a karate training camp within Sirius?

Vladimir Putin: What kind of training camp are you talking about?

Remark: Training camps for students of karate.

Vladimir Putin: We have thirteen disciplines, including four sports disciplines. In fact, there are three sports disciplines at Sirius: hockey, figure skating and chess. So far, there are no ***plans*** to expand this list.

As I said at the outset, I conceived Sirius with the idea that we have to focus on areas where we have a clear competitive edge and are unrivalled, where we have an internationally recognised level of competence.

Unfortunately, this has not been the case for karate so far, but I am confident that with your help and with the help of children who take karate, we will get there.

Remark: Karate became an Olympic sport in 2016.

Vladimir Putin: There are many Olympic sports. There is no way we can have them all at Sirius. This does not mean however that there is no need to develop karate as a sport. This is a very interesting martial art. There is no doubt that we will support it, especially since it is now an Olympic sport.

Remark: Thank you very much.

Vladimir Putin: Give the microphone to the girl over there, or she will break into tears.

Question: Good evening, Mr President. My name is Alyona, I am from Moscow, and enrolled in the Sirius' New Materials ***programme***. I have a personal question for you. Could you tell us what was the happiest and the most unusual moment in your life? You have said so much tonight about time. Do you have time in your day for happy or unusual moments to occur?

Vladimir Putin: This is not an easy question. Could you answer it yourself if you were asked the same question? There are a lot of happy moments, so it is really hard to tell which one was the happiest. As a general rule, these moments are usually related to achievements, victories and life choices. These are the moments you remember, so I think that even if a victory is small, it still matters, since it helps shape a person's character and identity. For example, I have mentioned that I remember competing one time in some tournament at pretty basic level. It may not seem like such a remarkable event, but it was then that I first started believing in myself, and finally understood that I have the ability to overcome many challenges. There were quite a few moments of this kind in my life. I hope that more are to come, and I would wish this to be the case for all of you.

Irada Zeinalova: We have the results of the survey. As you may remember, at the beginning of our talk we decided to find out what VKontakte users consider most pertinent, how well we understand them, how well they understand us, and how much we have in common. Let us take a look: family, friendship, freedom, health, jobs, well-being. Family ranks first, as you can see. And today's generation of VKontakte users value the same things that you hold dear.

Now, I would like to say that our conversation turned out to be very serious and informative, even for me for the most part, and although I always thought of myself as a well-informed person, I learned a lot from these children.

We started the exchange with a question from one of the youngest participants, one of the youngest students of this educational centre. Now we would like to finish our conversation, as, frankly, we are running out of time and you probably have some state meetings on your schedule. We would like to close the excahnge with a question from a participant of the ***programme*** "You Are Super!" It is a music show whose participants are children left without parental care, or orphans, as we call them. This little boy came from the Trans Baikal region. We have tried to make all participants' dreams come true, but we were unable to make Vitaly's dream come true as it is beyond our control. He is in the studio now. Vitaly Tolochkin - here he is. He has a dream that only you can make come true; to be more precise, it is already coming true. Vitaly, tell us about your dream.

Vitaly Tolochkin: My dream is to meet Vladimir Putin.

Vladimir Putin: And has it come true?

Irada Zeinalova: Let us capture the moment; let us take a photo of you together. Go stand by the President.

Vladimir Putin: Let us take a photo together now. Come on up here.

Irada Zeinalova: Come over here. Do you have a phone? Let me take a photo of you together. Fabulous!

And do you have a question for the President? Go ahead and ask it.

Vitaly Tolochkin: My question is, what did you dream of in your childhood, and what do you dream of today?

Vladimir Putin: You know, this is not an easy question actually. One's dreams constantly change as one evolves. When I was a little boy, I dreamt of one thing, when I got a bit older I dreamt of other things, and so on. This is normal. We have to be grateful that we have dreams. Because this is a kind of beacon, a sign that we have to make progress in our lives in order to make our dreams come true. And if our dreams change a bit along the way - that is fine. The main thing is to have a dream. It is my wish that your dream comes true.

But before we finish - although this is a good final question - to make things fair, we will do the following: I will take one question each from this sector, this one and this one.

Question: Mr President, I am Olya, I am from Fryazino, in Moscow region.

I think that my question is relevant for the entire science sector. Maybe not the entire section, but part of it. The list of academic competitions and Olympiads recommended by the Ministry of Science and Education includes 87 Olympiads and two or three conference-type competitions where participants are allowed to present their projects. In fact, no special benefits are provided to those who develop projects, although one specific project can change thousands of lives. Our children successfully present rather serious projects on a global level. They are already preparing for the Unified State Exam and preparing for enrolment at universities, but there are 87 Olympiads and only two or three competitions, you see. Are there ***plans*** to do something about this or change anything?

Vladimir Putin: We can expand the number of these competitions. Let us think about how we can do this. Why not?

A remark: Only recently, our team has returned from the Intel International Science and Engineering Fair that took place in the United States, and it is a shame that these 11th grade boys have to take entrance exams right after returning, and imagine how difficult it is for them, despite their projects being very impressive.

Vladimir Putin: Let us give this some thought and increase the number of competitions.

A remark: Thank you very much.

Question: Mr President, good evening. I am Mikhail, and I am from Belgorod. What prompted you to run for president? Have you achieved the goals you had set when you became President?

Vladimir Putin: I have already spoken about it, but I will say it again: I did not ***plan*** on becoming president, and nothing had prompted me to do this. But Russia's first president Boris Yeltsin invited me when I was Director of the Federal Security service - or already Secretary of the Security Council, I do not remember quite exactly - and said that he wanted to nominate me to the post of prime minister, so that I could later run for presidency.

I instantly told him: "Mr President, I am not ready for this! I would have to change my life completely - and I am not ready for this." He thought a little, and said, "Give this some thought. We come back to this later." But then he did nominate me at the State Duma, as they are the ones who vote for the prime minister. I became Prime Minister, and then things eventually proceeded from there to the presidential election campaign.

As for reaching my goals, you know, you have to set ambitious, challenging goals. Overall, I think they have been reached or are being reached. This primarily concerns economic development. However hard it may be, our economy has grown almost twofold. The real income of the population has increased many-fold, despite our current difficulties. There has been a bit of a reduction in real incomes, but now this is on the rise again. Compared to the year 2000, the situation with people's incomes, wages and pensions has considerably changed.

These are serious, adult matters, but I will speak of them anyway. By 1999, our Armed Forces had actually fallen apart. Now we have a totally different Army. It is compact and efficient. There is much that still needs to be done - but there are plenty of reasons to to believe that we will reach these goals and solve the tasks facing our country.

Question: Good evening. My name is Ksenia. I am from Ulan-Ude. My question is, are the environmental issues facing Lake Baikal being resolved?

Vladimir Putin: They are. There are many issues there, including those dealing with the shutdown of the pulp and paper plant. Not all these issues have been resolved, of course. This is a very sensitive matter.

The main issue is probably that the chemical discharges of the ***agriculture*** enterprises that operate on the shore or close to the shore eventually find their way into the lake, with rainfall or just by themselves. There is work to be done, and on a large scale. There are also other issues, which must be resolved.

We know about these things and the corresponding structures at government and regional administration level are considering them, and proposing various solutions. We will not leave these matters unattended.

A remark: Thank you very much.

Question: Mr President, my name is Alyona, I am from Serpukhov. Thank you very much for all you do for us and our country. I am learning to become a painter, and we have an issue that concerns many painters like me. To be a professional watercolour painter, one needs quality materials, such as paper. We need paper made of 100 percent cotton. Now we purchase paper ***produced*** in England, Germany, France, with one sheet costing about 500-700 rubles. I know that in Soviet times, our Goznak enterprise manufactured such paper of very high quality. Can this production be restored today?

The second question concerns paintbrushes. Until recently, we purchased domestically ***produced*** Kolinsky sable brushes from a company called Baikal. They are of a very good quality and give the best value for money on the market. But in the past six months, their price has grown from 400 to 2,500 rubles. How is it that goods ***produced*** in Russia are now becoming unaffordable for us?

Vladimir Putin: Of course, this has to be examined. As a rule, this is explained by, say, change in exchange rates and that some components have to purchased abroad. Maybe these brushes are assembled here and some parts are bought from other countries, and such purchases have become more pricey as the ruble lost value. This is the most likely cause, and these explanations are rather basic. But this has to be looked into, we have a special agency that handles such issues - the Federal Anti-Monopoly Service. I will tell Mr Artemyev about this to draw his attention.

Secondly, as regards paper, this domestic production sector is actively developing, and we have considerably reduced foreign purchases, but this primarily concerns the paper used for printing newspapers and magazines. Your issue is a very specific one; we will see what can be done here. Okay?

Question: Hello, Mr President. My name is Margarita, and I represent the Sirius figure skating ***programme***. International relations are a very important topic these days. Have you ever considered creating a centre that would bring together children from various countries so that Sirius students could interact with children from other countries? I think that this is an interesting idea that would be popular among children.

Vladimir Putin: We have a centre with a mission of this kind. I am referring to Artek. There is also the Orlyonok children's centre, and the Okean children's centre in Russia's Far East. In fact, the idea behind Sirius was to bring together young talented children from Russia in the key areas of science, art, education and sport in order to create the necessary conditions and accompany them once they finish secondary school, specialised and higher educational institutions right until they are employed by institutes or companies, join research or artistic teams. This is about the Russian elite who will hopefully come not only from Sirius, but also from elsewhere. This effort is primarily aimed at shaping a national elite. We can and we will maintain contacts with similar centres in other countries, although there are no centres of this kind anywhere else, but we will still look for partners. Of course, inviting someone to Russia is always a possibility, but overall we will focus on Russian children, our young generation and teenagers.

Remark: Thank you very much.

Vladimir Putin: I see that a girl has stood up over here. Since you are already standing, go ahead.

I wanted to give you the microphone, but the girl is already standing. What can I do? Go ahead, I am listening.

It is your birthday today? Then we will surely take your question. Who else has a birthday today?

Remark: Over here.

Vladimir Putin: Go ahead.

Question: My name is Yevgenia, and here is my question:

Mr President, what do you think about feminism?

Vladimir Putin: You see, feminism emerged quite a long time ago as a movement to promote women's rights. Overall, there is nothing bad about it. On the contrary, I believe that defending women's rights is the correct approach and the right thing to do.

You know, there is a question that we always discuss in various international formats. I am referring to education for girls. This is a major issue for many countries, where girls are unable to go to school due to religious or cultural traditions. For example, I spoke to one of my colleagues for whom I have great respect. He comes from a Muslim country and has already left office. He said, "What are we doing? By denying women and girls a decent education we are cutting off so many opportunities with our own hands." That said, this is an issue for a number of countries, but not Russia.

We have issues of a different nature when it comes to women's rights. This has to do with wage disparity. This is an issue not only for Russia, but also for a number of other economies. For example, the same happens in the European Union. Over there, women on average make less than men do. These are statistics, and nothing else. For this reason, there is no doubt that we have to work on this problem. However, just as with any other area, it should not be twisted or distorted in any way, so that no one loses his mind over it, as has sometimes been the case.

Let us do it this way. I will answer the questions of those who are celebrating a birthday today.

Irada Zeinalova: Mr President, I am all for equal rights, education and birthdays. Presents have already arrived, my arms are sore holding them; I will place them here now.

Vladimir Putin: So you knew there were birthdays!

Irada Zeinalova: Yes, I have a list of four people who are celebrating their birthdays.

Question: My name is Alexander. I am From St Petersburg and a student of the Presidential Physics and Mathematics Lyceum No 239.

Question number one. Is the President going to visit the presidential lyceum at least once?

A remark: Let us all ask one question.

Vladimir Putin: That is right, fight for your rights, hold that microphone.

Seems like everything that is happening has to do with the President, one way or another. I mean, everything good, of course. That is why this is not about the name but about how well your lyceum is run.

Unfortunately, I am unable to visit every place where events are held under the name of or on behalf of the President, or that has something to do with the name of the President. I wish you lots of success. This is a very good educational institution. If I have the opportunity, I will be happy to visit your lyceum. Fine?

A remark: And a related question.

As is known, our lyceum teaches future scientists. It is known that the most prominent scientists and athletes receive different pay and have a different quality of life. This is especially obvious in the Russian Federation. I personally know astronomers who work at the Pulkovo Astronomical Observatory and they live on a very strict budget. How can we change this? Tell us, please.

Vladimir Putin: Wage levels should be increased in all sectors. But they cannot be the same for everyone. As for the fact that they barely make ends meet - this is bad; if this is so, the issue has to be examined. We have a ***programme*** for increasing wages in higher educational institutions and in the research sector. The task has been set to bring these wages to double the average wage in the country by 2018, if I remember correctly. We will continue to make efforts to achieve this, I hope, this will be the first step. But this is not all, wait, I will take my answer further, and this is serious. It is necessary that heads of research institutions and higher educational institutions become aware that their wages and wages of common staff members should not differ so greatly. Sadly, this is what we have in many cases today. Therefore, we have to introduce certain adjustments to avoid this.

Who else has a birthday today?

Go ahead, please.

Question: Good evening, I am Yury Safronov, and today is my birthday.

We know that you have a Volga car. Do you want to make it unmanned?

Vladimir Putin: Unmanned?

A remark: Yes, and our team is ready to handle this.

Vladimir Putin: Will my Volga remain intact?

A remark: It will.

Vladimir Putin: Good. It is a deal then.

A remark: This would be an excellent present for all of us.

Vladimir Putin: Good.

And what will we do with this unnamed vehicle? That is, with my Volga as an unmanned vehicle?

A remark: We will have it drive on its own.

Vladimir Putin: Where to?

A remark: Wherever you like.

Vladimir Putin: Will we put it to work as a taxi, make some money?

A remark: Yes, if that is what you wish.

Vladimir Putin: Good. But it will be a joint project then - my Volga and your unmanned device. We will think how it can be used. But fine, it is a deal.

A remark: Great. Looking forward to this.

Vladimir Putin: Who else has a birthday today? You? Fine. What is your name?

A remark: I am Roman.

Vladimir Putin: How old are you turning?

A remark: 16.

Vladimir Putin: Where are you from?

A remark: From Tula.

Vladimir Putin: And what is your question?

Question: Are there ***plans*** for launching a targeted nationwide ***programme*** for dealing with and recycling domestic glass waste with the use of automatised devices - and if this is ***planned***, then when?

Vladimir Putin: I do not know. Now, that is quite a question. Recycling of glass, right?

A remark: Plastic and glass domestic waste, glass containers, and things like this.

Vladimir Putin: Look, we have a separate ***programme*** for municipal solid waster treatment. The ***program*** is operating, and, among other things, it provides for separating waste into different categories, including plastic. In this sense, yes, we have such a ***programme***. It only has to be expanded and provided with additional financing. We have ***plans*** to build several plants, most of them in Moscow Region, because this is the region where the situation is especially serious. Nearby is the huge city of Moscow, with all the waste removed from there to Moscow Region. But we also have to ***plan*** the building of plants in Crimea and in a few other regions, and will definitely do this and take efforts in this regard.

Go ahead.

A remark: Let this be the final question.

Vladimir Putin: Our colleagues from NTV are having problems as this is broadcast live and they have scheduled ***programmes*** that need to go on the air.

Yegor Kolyvanov: Mr President, it is you who is having problems as you have four presents to give.

A remark: And tomorrow's birthdays are beginning already.

Vladimir Putin: I will have a problem in one hour. I have a meeting with President of Azerbaijan.

Remark: Good evening, Mr President!

Vladimir Putin: Is it your birthday today?

Remark: Tomorrow.

Vladimir Putin: Tomorrow? Return the microphone then. (Laughter).

Remark: He is a person of the future!

Vladimir Putin: But we have agreed to listen to those who are celebrating their birthdays today.

Good evening!

Remark: My name is Ashot Shidnyan, I am from the Republic of Sakha (Yakutia).

Vladimir Putin: Ashot from Sakha (Yakutia)?

Remark: Yes.

Vladimir Putin: Are you freezing there?

Remark: No, it is fine there.

I would like to ask a question on the formation of a national sponsored team of young scientists and researchers who would represent our country at all international conferences and fairs. Is it possible to organise something like this? And how do you see the selection process for such a team? Thank you.

Vladimir Putin: Look, we have national teams in various fields. And they are very successful. I do not quite understand why we need a national team of this kind. If we create such a team, it would mean members would have to perform somewhere and compete with similar national teams - but are there any teams like this in the world? Have such national teams been created? National teams are created based on their main field of activity - mathematics, physics, artificial intellect, biology.

Yegor Kolyvanov: Mr President, they need funding, they want the state to finance the creation of this smart team.

Vladimir Putin: Everyone wants state financing.

Remark: For instance, I have an invitation for the Intel international fair. But the Step to the Future ***programme***, which has issued the invitation, does not provide any financing, of course, and the cost is about 300,000 rubles.

Vladimir Putin: I will speak to Governor Yegorov. He will help you.

Irada Zeinalova: Mr President, it appears that all those celebrating birthdays today have asked their questions.

Vladimir Putin: Does no one else have a birthday today? Has everyone asked a question?

Irada Zeinalova: Everyone. Even a future birthday boy got his chance.

Vladimir Putin: Is it your birthday today?

Remark: Here is the boy.

Vladimir Putin: You call him a boy? Well, then he is quite a big lad, isn't he.

What are you saying?

Remark: It is not my birthday today, but my father's. Happy birthday dad!

Vladimir Putin: Your father's? Pass him the microphone then, please. We have agreed, let us keep this fair.

So has everyone asked their question?

Irada Zeinalova: And a family discussion has already begun. All of today's and tomorrow's birthday people have already spoken.

Vladimir Putin: Guys, we cannot stay with you until morning just simply due to certain technological matters related to television ***programming*** and due to my schedule.

I am of course willing to speak to you some more and answer all your questions, but it is just not possible. All right? Do not be angry, please. We may have the opportunity to see each other at Surius, and not just once. I will try to visit Surius on a regular basis.

Irada Zeinalova: Mr President, I am positive that these children will have every reason to meet with you, as they are very success-oriented.

Thank you very much for this serious conversation, without making allowances for the fact that they are children. Thank you very much for these presents as well. Those who are celebrating your birthdays, feel free to come and collect them.

Vladimir Putin: I will sign them now.

Irada Zeinalova: Come here, all of you. These are real, big and good books.

Yegor Kolyvanov: Let us all congratulate them.

Irada Zeinalova: Give us your mobile phones. We will take pictures for each of you.

Yegor Kolyvanov: Do you need any help?

Irada Zeinalova: Frankly, not really, but it would not hurt. This will be quite a memorable birthday for them.

Mr President, these are cunning kids, and very ambitious at that, and they will definitely be successful in life. They received the books, and had their photos taken by a professional photographer, and will have their photo taken with you.

Vladimir Putin: I would say they are smart, rather than cunning, quite smart.

Irada Zeinalova: Yes, they grasped the situation fairly quickly.

Vladimir Putin: Now we will take some photos with the birthday people and wish them happy birthdays.

I want to thank you all for your professional attitude. You gained the right to arrive here in Sirius - and this means you are successful and talented, and you have a bright future. I want to thank you for this and for today's talks.

I would like to express my hope that many more children like you will arrive here. You come from all territories and regions of the Russian Federation. And I want to express hope that you will feel that you have gained another family here, a Sirius family, and that you will support each other after you leave this centre. I also want to wish all of you success in achieving your goals and implementing everything you want to devote your life to.

I wish you happiness and good luck! Thank you very much. July 21, 2017, Sochi Standard website version News Speeches and transcripts Presidential Executive Office State Council Security Council Commissions and councils Site map Official website of the President of Russia [*www.kremlin.ru*](http://www.kremlin.ru)

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**Body**

Zagreb, 29 June 2017 (Hina) - PM presents national security strategy in parliamentZAGREB, June 28(Hina) - Prime Minister Andrej Plenkovic presented a national security strategy in parliament on Wednesday, saying that the security of Croatia'scitizens and territory was the main duty of the state and the society and that the prevention of security threats was a precondition for the development of the economy and for the well-being and prosperity of Croatian people."The strategy is a basic document that determines ***strategic*** national interests and policies and instruments for their implementation. Over the past 27 years we have come a long way, having declared independence anddefended our sovereignty and territorial integrity, thanks toCroatian defenders, the sacrifice of the entire nation and the statesmanly wisdom of the first Croatian president," Plenkovic said while presenting the national security strategy and a bill on the homeland security system.Croatia now has key ***strategic*** goals accomplished - it has its territory, the rule of law, and all other relevant processes have been completed, said Plenkovic."It is our task to define with theseframework documents what will enable us to identify danger and respond to it in line with high global and European standards," he said.The threat of terrorism has changed the map of internal and external security, and timely action far away from both Croatia and the EU can prevent security threats to our territory and that is the message of this document, he said."It bridges the gaps that existed in terms of coordination, timely response to risks and crises and the need for a more prompt response to those crises.

That is why I believe that these two documents will additionally strengthen all relevant state institutions in charge of national security and that their coordination by the Deputy Prime Minister (Damir Krsticevic) will be efficient and enable us to identify threats andknow how to protect critical national infrastructure as that is a ***strategic*** issue of national security of the utmost importance," Plenkovic said, adding that future governments and parliaments would be able to build on the national security strategy.Deputy Prime Minister and Defence Minister Damir Krsticevic said that responsibility for security was huge, that threats were often perceived as something that happened to others until an incident happened.Croatia must adapt its security system, it must ***plan*** and build a system that will be proactive, efficient, faster and better, he said.Krsticevic called on MPs to support the proposed strategy, noting that national security should be above party interests and that it requiredconsensus and agreement between the government and the Opposition.The minister said that a crucial trait of the homeland security system was that it was capable of predicting and identifying threats and risks. Prevention is of the utmost importance and equally important is the ability to respond in a timely and appropriate way, which is what Croatia has, said Krsticevic, noting that the government would have an obligation to report to the parliament on the implementation of the strategy once a year."Croatianeeds partnership for securityand it needs that partnership to ***produce*** the system of homeland security that we had in the Homeland War. That kind ofsynergy andunity... of the army, police, firefighters, academic community, citizens... arerequired also today to build the homeland security system," he said, adding that the system should be modern as well as rational, efficient and befitting the country's needs.MPs say new national security strategy should handle new challengesZAGREB, June 28 (Hina) - Croatia needs a new national security strategy which can handle the new challenges and circumstances, members of parliament agreed on Wednesday, calling for a national consensus on its adoption, and warning that the document dedicated too little space to some threats.Ines Strenja Linic of the Bridge party said corruption was one of the biggest threats to national security, yet only a shortparagraph was dedicated to it in the draft strategy.She said trading in political power was one of the most dangerous forms ofcorruption in Croatia.The Social Democratic Party (SDP) generally supports the draft but its final support will depend on the adoption of its two amendments - that the strategy mention the achievements of anti-fascism and Croatian Partisans alongside those of the 1991-95 Homeland War, and that it include the obligation to oppose historical revisionism and the negation of anti-fascism, said Josko Klisovic.The divisions burdening the Croatian people since World War II were overcome in the Homeland War and they are the biggest threat to national security, he added.Defence Minister Damir Krsticevic said anti-fascism was recognised in the constitution and that there was no need to mention it in thenational security strategy. The Homeland War is the foundation of present-day Croatia and no strategy in Europe has what you ask for, he told Klisovic.You keep returning us to the past, to the Partisans versus the Ustasha, Tomislav Klaric of the ruling Croatian Democratic Union (HDZ) told Klisovic, while Hrvoje Zekanovic of Hrast asked Klisovic why he had not singled out something else, sayingthere was a consensus onanti-fascism but not onthe condemnation of totalitarian regimes, specifically communism.Marko Vesligaj of the SDP called out the HDZ over the announced renaming of Zagreb's Marshal Tito Square, saying that every movement, including anti-fascism, had symbols and leaders, Tito being one.I think we all share the values of anti-fascism, but we should distinguish between anti-fascism during WWII and the undemocratic regime after 1945, Prime Minister AndrejPlenkovic said, adding that this sophisticated distinction was the key.Miro Bulj of Bridge said Homeland War veterans were a "resource" that could contribute to Croatia's development with their experience. He called for stopping Serbia's intention to try them, saying they had not been aggressors but defended the country and that Serbia did not deserve such influence.Plenkovic said it was not normal that Serbia's institutions should havehybrid, expanded jurisdiction. This subject has been raised several times in Serbia's European Union accession negotiations and will remain on the agenda, and our intention is to havethis issue solved and prevent our citizens from being endangered in any way, he added.PM: Croatia will not physically accept arbitration rulingZAGREB, June 28 (Hina) - Croatia will not formally accept the ruling from the Permanent Court of Arbitration on Thursday but will learn of it online or during the actual reading, Prime Minister Andrej Plenkovic said on Wednesday."Despite the formal signal we have received from the Arbitral Tribunal that we physically accept the ruling some time tomorrow, the government has decided that it won't do so," Plenkovic said in parliament while presenting the conclusions of European Council meetings held in Brussels last Thursday and Friday.Croatia has announced that it will not attend the reading of the ruling on Thursday by Judge Gilbert Guillame regarding the territorial and maritime dispute between Croatia and Slovenia.As that ruling has no relevance for Zagreb, given that Croatia withdrew from the procedure, Croatia "will not accept it but, I assume, we will know about it when it is released on the Internet or in a live stream tomorrow afternoon. Our positions are firm and we will remain resolute and we expect firm support from the Croatian parliament," Plenkovic stressed, underscoring the importance of continuing comprehensive dialogue with Slovenia.He added that the tribunal's decision will not be acceptable for Croatia regardless of "what any other stakeholders, any state or international organisation, will say about it."Controlling the external borders among the most important tasks for the UnionPlenkovic reiterated that the main topics at the last European Council were security and defence, growth and employment, competitiveness, migration, the Paris climate agreement, digital Europe, and foreign affairs.When talking about security and defence, the key emphasis was on the fight against terrorism, preventing terrorist propaganda on the Internet and protecting the EU external borders."A key highlight at the EU level is to prevent the radicalisation of one's own citizens. That is something that isn't that present in Croatia but it is a matter of utmost significance for some old, large EU member states with the sensitive issue of fighters returning from abroad," Plenkovic said.We concluded that protecting the external borders is one of the most important aspects and duties of the Union's institutions and member states and as such, so-called smart borders are being prepared and should be implemented. Plenkovic recalled that Croatia was given access to the Schengen Information System on Tuesday.With reference to growth and employment, Plenkovic underlined the importance of the decision for Croatia to be released from the corrective mechanism of the Pact on Stability and Growth, underlining positive economic indicators and trends in the EU and Croatia too.Candidacy for the European Medicines Agency until 31 JulyAnother important topic was migration, and once again the importance of an agreement between the EU and Turkey was stressed. Ankara's attitude is exceptionally important and it is of capital significance whether the eastern Mediterranean route will be active or not.Plenkovic underlined the importance of a discussion on the relocation of the European Medicines Agency, for which Croatia has expressed interest to submit its candidacy. Plenkovic said that the EU has adopted the criteria to relocate the agency and that 21 countries had expressed interest in hosting the agency.One of the criteria in Croatia's favour is that it does not have any agencies yet, as well as its tradition of public health and pharmaceuticals. However, one important factor to be taken into account is the actual building which will have to cater to 900 employees and the fact that about 36,000 people will pass through the agency each year."What is important is the criteria of traffic and other benefits. The agency in London represents a high standard and that is a fact," he underscored.Croatia will submit its candidacy within the deadline of 31 July and a decision on the relocation should be made by October.There was also talk of extending sanctions against Russia and of the Ukraine conflict, which Plenkovic said could turn into a frozen dispute as there have not been any great results or progress. He added that Croatia was sharing its experience of peaceful reintegration with Ukraine.Croatia to continue protecting national interests after arbitration rulingZAGREB, June 28 (Hina) - There are no obstacles for Croatia to protect its own national interests after the arbitration tribunal delivers its ruling on the border dispute with Slovenia on Thursday, Prime Minister Andrej Plenkovic said on Wednesday."We have explained our position to all our partners. We are going our way, and Slovenia will take steps to protect its own interests. There are no obstacles for us to react with a view to protecting Croatian national interests, and the issue of territory and borders is one of the most important," Plenkovic told the press after attending a session of Parliament.He said he was inclined to "de-dramatise tomorrow's event and reactions to it," reiterating that Croatia was open to further talks with Slovenia to settle the border dispute.The issue of border delimitation "has caused commotion in the public many times in the past years. I don't see any need for that to happen tomorrow. The positions of both countries are clear, and the issue of delimitation will continue to be with us," the Croatian PM said."We don't expect any unilateral moves," he stressed.Asked if people had any reason for concern, Plenkovic said there was none because Croatia and Slovenia are neighbours and friends, members of the EU and NATO, and are mature enough to continue talks after Thursday.The Permanent Court of Arbitration in The Hague will announce on Thursday its ruling on the territorial dispute between Croatia and Slovenia concerning their land and sea borders. Croatia will not be present in the courtroom nor will it physically accept the ruling. This decision reflects the Croatian Parliament resolution of July 2015 to withdraw from the arbitration process because of a grave breach of the process by Slovenia.Minister: No standstill in preparations for possible INA buyoutZAGREB, June 28(Hina) - Economy Minister Martina Dalic said on Wednesday that there was no standstill in preparations for a possible purchase of Hungarian oil company MOL's stake in the INA oil company and that the dynamic of the procedure reflected its complexity.Dalic recalled that the procedure was run by a council for negotiations with MOL, set up by the government in mid-January, and when asked when the council had last met, she said that the process was unfolding in line with its complexity.She stressed that the possible INAbuyout would be conducted in line with "the high standards that are followed in such transactions" as well as that the government would seek advice from the best consultants regarding the appraisal of the company's value, legal matters and negotiations.Asked to comment on the opposition Bridge party's ***plan*** to present today its model for the purchase of MOL's stake in INA, Dalic said that Prime Minister Andrej Plenkovic had called on all who had an idea as to how it should be done, to come forward with their proposals, on the condition their model did not imply an increase in publicdebt.Bridge proposes forming special purposevehicle for INA buyoutZAGREB, June 28 (Hina) - The Bridge party, a former junior partner in the coalition government, on Wednesday presented a model for a buyout of Hungarian oil company MOL's stake in its Croatian peer INA with the help of a company to which the government's shares in INA would be transferred and which would issue bonds, with the resulting revenues used to buy the MOL stake.Themodel was presented byAnte Cikotic, former state secretary for energy.Under the model, the State Assets Ministry would transfer its shares in INA to a special purposevehicle (SPV) which would be "boosted" withshares in companies in which the state is a minority owner.The SPV would then issue bonds on the capital market to private individuals and state investors and the money earned would be used to buy MOL's stake in INA, whereby Croatia would gain a 75% stake in INA "in a short time," Cikotic said at a press conference.Hesaid there was no reason why the HEP power utility should not own a small percentage in INA, adding that an analysis of investors had shown that there was money on the market.Cikotic said that under the model,"investors can turn their bonds into shares. We are interested in owing 75% of INA and those 25% would be owned by investors who exchange convertible bonds for shares."He said the model was good as INA would open itself to the market and shareholders would have an opportunity to pressure the management into achievingbetter results and profit.Cikotic said the incumbent government did not have a development strategy for INA, as seen in the fact that the company's value had not been appraised. "How can we negotiate with the Hungarians if we haven't appraised the value?"He saidthat if the government did not know what it wanted, "it's better forINA to go into private hands."Bridge president Bozo Petrov said that when the prime minister said the government would buy out MOL's stake in INA, "we created another model so that a company such as HEP doesn't have to be sold. The INA buyout process has stopped and there have been no official negotiations with MOL nor has a business model been made for INA's functioning after the buyout."Slaven Dobrovic said INA and HEP were two separate projects very important for Croatia and that they should not be linked with the INA buyout model. "On the one hand, our model makes it possible to regain control over the oil company, while on the other, it enables thedevelopment of HEP, which has a bright future if the management is changed."Tomislav Panenic, former economy minister, said the Croatian People's Party (HNS), the new junior partner in the coalition government, was against Plenkovic's model for INA envisaging an initial public offering of HEP shares to buy out INA.Asked by reporters about Thursdays arbitration ruling in the Croatian-Slovenian border dispute, Petrov said that when "the whole arbitration farce" was over, Croatia should proclaim an exclusive economic zone in the Adriatic Sea as all other European Union member states were entitled to do it.President calls for urgent solution for 300,000 blocked accountsZAGREB, June 28 (Hina) - President Kolinda Grabar-Kitarovic on Wednesday sent Prime Minister Andrej Plenkovic a copy of conclusions adopted at therecent roundtable"Living in Croatia with a blocked bank account," noting that itwasconcerning that to date a comprehensive and thorough analysis of that systemic problem hadnot been conducted and appealing to the government to immediately embark on finding a solution.The scope of this economic and social problem is evidencedby the fact that Croatia has 330,000 citizens with blocked bank accounts who owe more than HRK 42 billion. If their family members are taken into account, that number is almost one million people or a quarter of the nation who are directly affected by the problem of overindebtedness, the president said in her letter to the prime minister.What is truly shocking is that the real debt of citizens is HRK 8 billion while HRK 32 billion refers to interest and other costs in distress procedures that involve the Financial Agency (FINA), attorneys, public notaries, factoring companies and banks.Part of that debt also refers to interest that was unlawfully changed by banks to the detriment of borrowers who have to file private suits to be refunded overpaid interest, which often they cannotafford.The president pointed out that the legislative framework just worsened the situation and added new expenses for citizens instead of facilitating a simpler, cheaper distress procedure that would protect the minimum needs of citizens under distress.Particularly worrying are FINA's powers in distress procedures as well as other legislative provisions determining the amount of costs in those procedures, limits on distress orders on wages or setting a minimum price under which real estate should not be allowed to be sold.Participants inthe roundtable proposed a set of amendments to the Distress Act and Bankruptcy Act that would significantly relieve the situation overindebted citizens and citizens with blocked bank accounts are faced with. They believe that the relevant institutions did not take appropriate legal, social or political steps to tackle this problem yet have created a situation of uncertainty.The president said that she was encouraged that the finance and justice ministries hadannounced that they would set up a task force to systematically resolve these problems.Pointing out the arguments presented at the roundtable, the president said that the ***planned*** measures were not sufficient or systematic and appealed to the government to tackle this chronic and serious problem without further delay.Gov't, town authorities against plaque commemorating Ustasha leaderZAGREB, June 28(Hina) - TheCroatian Academy of Sciences and Arts in the Diaspora (HAZUD) association's announcement that it will put up a memorial plaque on the birth house of Ustasha commander Jure Francetic in Otocac on Saturday was condemned on Wednesday by the government and the town authorities.The government said the plaquewould constitute a"glorification of a criminal regime" and becontrary to the constitution. The government said it would act in line with the constitution and the law, protecting Croatia's reputation and interests.The Otocac authorities said they "don't want extremism" in the town, while the Interior Ministry said the organiser had not reported a public assembly to the local police and that it would take the necessary action to prevent possible unlawful behaviour.Parliament Speaker Gordan Jandrokovic earlier opposed in strong terms the placement of the plaque commemorating one of the best known Ustasha leaders during World War II, saying it would be completely unacceptable and intolerable. He said such a plaque for Francetic must not be put up because it would be against the constitution.The president of the ruling HDZ party's Otocac branch, Branislav Sutic, told Hina Otocac was building its prospects as a pro-European town and that the plaque might disrupt relations in the town and turn away investors.Asked if he would attendthe unveiling of the plaque, the town's independent mayor, Stjepan Kostelac, told Hina he would not. "Somebody should investigate who is involved in this. We are not interested. We don't want any incidents or extreme relations in Otocac."HAZUD president Dragan Hazler has invited President Kolinda Grabar-Kitarovic, Jandrokovic and Prime Minister Andrej Plenkovic to the unveiling ceremony. He has described Francetic as a "prominent Ustasha-antifascist, Croatian politician and legendary army leader from WWII against the joint Italian and Serbian fascism."The association's website says HAZUD was established in Basel, Switzerland in 1978. Hazler already pushed for the erection of a monument to Francetic in Slunj, which was done by a group of citizens in June 2000. Following pressure from the domestic and international public, the monument was removed in August 2004.Veterans: HOS salute reflects Homeland War valuesZAGREB, June 28 (Hina) - The salute "For the homeland, ready!", inscribed on a memorial plaque in tribute to HOS (Croatian Defence Forces) fighters killed in Jasenovac during the 1991-1995 Homeland War, is not a glorification of the the pro-Nazi Ustasha totalitarian regime nor is its intention to identify the Homeland War and the HOS members with anything but the original values of the Homeland War as a war of defence, leaders of veterans' organisations said after meeting with Public Administration Minister Lovro Kuscevic in Zagreb on Wednesday.Speaking to the press, Ivan Turudic, head of the Split-Dalmatia County association of former prisoners of Serb concentration camps, said that at the meeting the veterans presented their position on the Social Democratic Party's interpellation concerning the controversial memorial plaque in Jasenovac, the site of an Ustasha-run concentration camp during the Second World War.Turudic stressed they had no sympathies for the Ustasha regime, which ruled Croatia from 1941 to 1945, but wanted to pay tribute to their comrades in arms with whom they had defended the country against Serbian military aggression during the 1991-1995 Homeland War.He said Kuscevic had told the veterans that a response to the SDP interpellation was being drafted and that it was necessary to find an appropriate and long-term solution based on law.Josip Jurcevic, a historian from the Ivo Pilar Institute and member of the veterans' delegation at the meeting, said that the Homeland War could not be associated with any totalitarian regimes.Jurcevic said he expected the Croatian authorities to act in accordance with EU legislation and values. "In that case they will have our support. But if they go below those standards and if the Homeland War is smeared for political purposes, the Homeland War organisations will not support any such projects or actions," he added.Asked if he thought that the memorial plaque in Jasenovac was disputable, Jurcevic said that under European standards the context was important. "It is clear that the intention was not to identify the Homeland War and HOS members with a totalitarian regime," he said."For the homeland, ready! is an old Croatian salute and we Croatian veterans associate it with the Homeland War," Jurcevic said.Damir Markus, deputy mayor of Kutina and HOS volunteer, briefly said that the HOS organisation was properly registered and was a member of the World Veterans Federation.SDP MP says she was replaced as deputy speaker out of revengeZAGREB, June 28(Hina) - The parliamentary group of the opposition Social Democrats (SDP) on Wednesday replaced Milanka Opacic as a deputy parliament speaker with Sinisa Hajdas Doncic, with Opacic saying this was revenge-seeking."I was dismissedout of revenge...because the party president (Davor Bernardic) said that Mirando Mrsic and I, because of our statements that he should be replaced, lost his trust. This is a dismissal for a verbal offence, "Opacic told reporters.The SDP Presidency yesterday decided that Opacic would be replaced and that Mrsic would no longer chair theparliamentary Committee on Labour, Pension System and Social Partnership.Opacic said the replacements were bad for the SDP, the strongest opposition party. "This has divided the SDP's parliamentary group, and will leave a trace in the party. It turns out that the (ruling) HDZ is more democratic than the SDP."Bernardic dismissed the accusations of revenge-seeking, saying Opacic and Mrsic were members of the SDP, MPs, and that these changes would improve the party's work and make it more visible. He confirmed that "some people" had lost his trust.Irrigation system covering 5,000 hectares of farmland put inoperationZAGREB, June 28(Hina) - The biggest irrigation system in Croatia, feeding from the Knezevi Vinogradi-Zmajevac canal, which will water five thousand hectares of farmland, was put inoperation on Wednesday.The "Baranja" irrigation system cost HRK 129 million and was financed by the state, the Hrvatske Vode water management company and Osijek-Baranja County.***Agriculture*** Minister Tomislav Tolusic said that the percentage of irrigated farmland in Croatia had increased from 0.8% to 2%, which was still negligible compared to other European countries.He said that Hrvatske Vode was preparing numerous projects in that regard, and that EUR 100 million had been secured from the Rural Development ***Programme*** for the construction of new irrigation systems, of which around EUR 30 million had already been allocated for eight new systems, mostly in the Slavonia region.Announcing that new applications for irrigation projects would be invited at the end of the year, Tolusic saidthat irrigation projects would be financed with money from the Rural Development ***Programme*** with up to 70% of the project value, meaning that the irrigation system was expected to cost farmers little.Hrvatske Vode CEO Zoran Djurokovic said that the Baranja irrigation system would be used to supply water to 5,000 hectares of farmland from the Danube throughout the vegetation period and that the area covered by this system also had a drainage system protecting 10,000 hectares of farmland from flooding.Osijek-Baranja County head Ivan Anusic said that the county would apply for funding with four more irrigation systems as well asactivate the irrigation system Gat, built back in 2007.Split mayor,Brazilian ambassador discuss cooperation in shipbuildingZAGREB, June 28 (Hina) - The Mayor of Split, Andro Krstulovic Opara, received the Brazilian Ambassador to Croatia, Roberto Campos Tarrisse da Fontoura, on Wednesday to discuss ways of promoting economic cooperation between the two countries."We discussed possible investments, especially in the shipbuilding sector, because a few years ago Split's shipyard delivered important components for an oil field off the coast of Brazil," Krstulovic Opara told the press after the meeting.He recalled that the local shipyard had built several ships for Brazilian clients and he expected such cooperation to continue.Tarrisse da Fontoura said the two countries had great potential for cooperation. He said he was pleased that Petrobras, a multinational energy corporation based in Rio de Janeiro, had ordered from the Split shipyard machines for work in maritime oil fields in Brazil, adding he hoped that their continuation would continue.Together with the ambassador, the mayor also received Denis Nenadic, Brazil's honorary consul to Split, who will represent other South American countries as well.PM receives delegation of Croat minority from SerbiaZAGREB, June 28 (Hina) - The position and status of the Croat national minority is a priority matter for the government and we will insist, throughcooperation and on the political level, onthe protection of all rights defined inagreements with Serbia, the Croatian government said in a press release after Prime Minister Andrej Plenkovic received a delegation of theCroat minorityfrom Serbia on Wednesday.Plenkovic met with the leader of the Democratic Alliance of Croats in Vojvodinaand member of the National Assembly of Serbia, Tomislav Zigmanov, and the leader of the Croatian National Council, Slaven Bacic, and discussed the position of Croats in Serbia,the problems and challenges they are faced with, the press release said.The Croatian government is in constant dialogue with Croat representatives in Serbia,organisingvarious projects and ***programmes*** to helpstrengthenand developthe position of the Croat minority in that country.In addition to Plenkovic, Foreign and European Affairs Minister Marija Pejcinovic-Buric and the director of the State Office for Croats Abroad, Zvonko Milas, also attended the meeting.ICMP: Tracing of war missing in Bosnia has markedly slowed downZAGREB, June 28(Hina) - The tracing of persons gone missing during the war in Bosnia and Herzegovina (BiH) has markedly slowed down as there is no credible information on mass graves in which their remains might be buried, the head of theInternational Commission on Missing Persons (ICMP) Western Balkan ***Program*** said in Sarajevo on Wednesday.The tracing has markedly slowed down in recent years, so between 7,000 and 8,000 missing are being traced in BiH, Matthew Holliday said. He added thatunprecedented success had been achieved over the past 25 yearsin shedding light on the war missing in BiH but that now additional data was necessary to complete the process.The ICMP therefore offers a new tool on its website for reporting a location via Google Maps. Holliday called on everyone who might have information on possible graves to report them.He said it was certain that it wouldnot be possible to trace all the missing but that it was important to continue to make efforts so as to shed light on the fate of as many as possible.After the end of the war in BiH in 1995, over 31,000 missing persons were registered. By the end of 2016, the remains of some 23,000 were found. The highest number of the remains, of nearly 7,000 persons, were found in the Srebrenica area, followed by the Bosanska Krajina region, where the remains of over 5,000 persons were exhumed. The fates of the remaining 8,000 persons reported missing remains unknown.Over 3,000 men, women and children were killed in the Prijedor area and over 760 persons are still unaccounted for, said Fikret Bacic of the ICMPAdvisory Committee.Most identifications in BiH and other former Yugoslav republics are done by DNA analysis, which the ICMP beganusing in 2001.Montenegro: Initiative to create W.Balkans customs union unrealisticZAGREB, June 28 (Hina) - Montenegrin Prime Minister Dusko Markovic said in Podgorica on Wednesday that the initiative by Serbian President Aleksandar Vucic to create a Western Balkans customs union and common market was not realistic, recalling that Montenegro had begun membership talks with the European Union five years ago.The policy chapters which have been opened in the EU negotiations are the best confirmation of what has been achieved in the process of Montenegro's EU integration, Markovic said."Although different interpretations and initiatives were recorded early this year for the further integration of the Western Balkans region, including the creation of so-called customs unions and a common market in the region, at a meeting with the European Commission and countries in the region it has been agreed that there can be no single customs or trade policy in this region towards third countries," Markovic said.He said that the initiative to form a Western Balkans customs union and common market was therefore unrealistic.Speaking of EU membership talks, the prime minister expressed confidence that the negotiations would be completed during the term of his government."Montenegro will do all within the power of its institutions to complete the process of negotiations with the EU before the end of this government's term. That is what we aspire to and what we promised our citizens," Markovic said, adding that he was encouraged by the statement of Enlargement Commissioner Johannes Hahn that he expected new members to join the bloc during the next European Commission term of 2019-2024.Markovic said that Montenegro's NATO membership was an encouragement to foreign investors to expand their business operations in the country.Touring exhibition "Miranda - The Roma Holocaust" opens in ZagrebZAGREB, June 28 (Hina) - An international touring exhibition called "Miranda - The Roma Holocaust" opened at the National and University Library (NSK) in Zagreb on Wednesday evening.The exhibition tells of the genocide of Roma people in the Second World War. It aims to promote intercultural dialogue and renew interest in European history on the example of the Roma holocaust.The exhibition was organised by the Finnish Creative Association for Arts and Culture (DROM) and the NSK, and is part of the touring project "Through Miranda's Eyes 2017-2018". For the implementation of this project, DROM received funds from the EU's Europe for Citizens ***programme*** and the Swedish and Norwegian cultural funds.The exhibition was launched in Finland in 2012 and began an international tour at the Museum of Occupations in Tallinn, Estonia on May 11, 2017 and the Ghetto Museum in Riga, Latvia on May 15.The exhibition will remain open at the NSK until the end of August, after which it will travel to Albania, Argentina, Belgium, the Czech Republic, Denmark, France, Iceland, Hungary, Norway, Germany, Romania, Russia, Slovakia, Sweden, Ukraine and the United Kingdom. In the spring of 2018, it will be staged in the European Parliament in Brussels.Bizovac spa swimming pool complex reopens after renovationZAGREB, June 28 (Hina) - The Aquapolis, the largest swimming pool complex in eastern Croatia, reopened in the Bizovacke Toplice spa on Wednesday after renovation.The Aquapolis comprises 11 swimming pools, including two used by the spa sanatorium for rehabilitation purposes, seven indoor pools with various water attractions, andtwo outdoor pools, one of themwith waves.The Suncane Toplice company invested 2 million kuna in the renovation, and has begun the renovation of the Termi hotel as part of the spa resort. The company's CEO Stjepko Bulic said that the hotel renovationwould cost about 25 million kuna, and an additional 20 million would be invested in new attractions and swimming pools.The spa is located in Bizovac, about halfway between Nasice and Osijek in eastern Croatia.ZSE to launch platform for financing of businesses on capital marketZAGREB, June 28(Hina) - The Zagreb Stock Exchange (ZSE), with the support of the European Bank for Reconstruction and Development (EBRD), on Wednesday presented the "SME Growth Market in Croatia and Slovenia" project as part of which a platform will be established at the beginning of next year to servesmall and medium businesses seeking financing on the capital market.ZSE Management Board member Tomislav Gracan said that small and medium businesses were the most important for the growth and development of an economy and that they encountered the most obstacles in access to sources of financing.There are almost 13,500 small and medium businesses in Croatia and more than 1,300 are mid-capcompanies, with a capital of between 2 and 20 million kuna. Such companies, said Gracan, finance themselves exclusively through banks even though their financing conditions are poorer than those approved for big companies - they pay higher interest rates, are granted shorter repayment periods andmust provide more collateral.The purpose of theSME Growth Market in Croatia and Slovenia project is to connect investors and small and medium business owners and enable their financing via the ZSE and the Ljubljana Stock Exchange, which the ZSE owns.The EBRD provided a preparatory study for this project, and its representative in Croatia, Vedrana Jelusic Kasic, said that Croatia was the first country to start working on developing a platform for small and medium businesses, but that other stock markets in the region, such as Bulgaria, had expressed an interest as well.Welcoming the project, Economy Minister Martina Dalic said that its implementation was coming at the right time given that the year 2016 was marked by abrisk activity ofsmall and medium businesses.The project is a step towards dealing with the issue of their capitalisation and the related issue of creation of new products and access to new markets as well as towards further development of the domestic capital market. Maybe it will not change Croatia's bank-centric market but it will make it possible for that liveliest segment of the economy to obtain adequate capital, said Dalic.ZSE indices rise amid low liquidityZAGREB, June 28 (Hina) - The Zagreb Stock Exchange (ZSE) indices increased on Wednesday with the Crobex rising by 0.36% to 1,877.71 points and the specialised Crobex10 increasing by 0.78% to 1,124.93 points.Regular turnover was HRK 4.7 million, which was HRK 1.6 million more than on Tuesday.Not one stock managed to cross the one million kuna mark. The highest turnover, of HRK 909,400, was generated by the HT telecommunications company. The price ofits shares jumped by 1,37% to close at HRK 178.71 per share.(EUR 1 = HRK7.405433)THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HOURS THURSDAY. (Hina) vm Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, June 28(Hina) - Prime Minister Andrej Plenkovic presented a national security strategy in parliament on Wednesday, saying that the security of Croatia'scitizens and territory was the main duty of the state and the society and that the prevention of security threats was a precondition for the development of the economy and for the well-being and prosperity of Croatian people.

ZAGREB, June 28 (Hina) - Croatia needs a new national security strategy which can handle the new challenges and circumstances, members of parliament agreed on Wednesday, calling for a national consensus on its adoption, and warning that the document dedicated too little space to some threats.

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ZAGREB, June 28 (Hina) - The position and status of the Croat national minority is a priority matter for the government and we will insist, throughcooperation and on the political level, onthe protection of all rights defined inagreements with Serbia, the Croatian government said in a press release after Prime Minister Andrej Plenkovic received a delegation of theCroat minorityfrom Serbia on Wednesday.

ZAGREB, June 28(Hina) - The tracing of persons gone missing during the war in Bosnia and Herzegovina (BiH) has markedly slowed down as there is no credible information on mass graves in which their remains might be buried, the head of theInternational Commission on Missing Persons (ICMP) Western Balkan ***Program*** said in Sarajevo on Wednesday.

ZAGREB, June 28 (Hina) - Montenegrin Prime Minister Dusko Markovic said in Podgorica on Wednesday that the initiative by Serbian President Aleksandar Vucic to create a Western Balkans customs union and common market was not realistic, recalling that Montenegro had begun membership talks with the European Union five years ago.

ZAGREB, June 28 (Hina) - The Aquapolis, the largest swimming pool complex in eastern Croatia, reopened in the Bizovacke Toplice spa on Wednesday after renovation.

ZAGREB, June 28(Hina) - The Zagreb Stock Exchange (ZSE), with the support of the European Bank for Reconstruction and Development (EBRD), on Wednesday presented the "SME Growth Market in Croatia and Slovenia" project as part of which a platform will be established at the beginning of next year to servesmall and medium businesses seeking financing on the capital market.

ZAGREB, June 28 (Hina) - The Zagreb Stock Exchange (ZSE) indices increased on Wednesday with the Crobex rising by 0.36% to 1,877.71 points and the specialised Crobex10 increasing by 0.78% to 1,124.93 points.

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**Body**

Annual Financial ReportImproved performance in the second half of the year from Black Wattle, the group's South African coal mining operation.Investment in significant infrastructure improvements allowed Black Wattle to mine at a sustainably higher rate of production and achieve an increased yield from its washing plant.Black Wattle was able to benefit from the significantly improved coal prices during the second half of the year.UK property portfolio continues to perform well with average rental yields for the portfolio remaining stable during the year.In light of the strong results achieved for the year, a special dividend of 1p (2016: Nil) per share proposed in addition to a final dividend of 3p (2016: 3p) taking full year dividend to 5p (2016: 4p) per share.Dividend yield of 7.1% at year end share price.Chairman, Sir Michael Heller, comments:"The permanent infrastructure improvements at Black Wattle will have a positive impact on the returns achievable from our existing coal reserves and should open up new opportunities to mine similar coal reserves in the surrounding area. Accordingly, we remain confident about the ability of our South African coal mining operations to continue to contribute to our group earnings and cash generation for the foreseeable future."ANNUAL REPORT 2017Building on success at Black WattleEarnings before interest, tax, depreciation and amortisation(EBITDA) of Â£3.7million (2016: Â£2.4 million)Operating profit before depreciation, fairvalue adjustments and exchange movements (Adjusted EBITDA) of Â£5.8million (2016: Â£1.5 million)Dividend yield of 7.1% at year end share price.***Strategic*** reportThe directors present the ***Strategic*** Report of the company for the year ending 31 December 2017. The aim of the ***Strategic*** Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the company for the collective benefit of shareholders.Chairman's StatementFor the year ended 31 December 2017, we are very pleased to report that your company achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of Â£3.7million (2016: Â£2.4 million) and operating profit before depreciation, fair value adjustments and exchange movements (Adjusted EBITDA) of Â£5.8million (2016: Â£1.5million).These results can be attributed mainly to an improved performance in the second half of the year from Black Wattle, our South African coal mining operation.

The decision by your management in the first half of the year to invest in significant infrastructure improvements to the mine's washing plant has allowed Black Wattle to mine at a higher rate of production and achieve an increased yield. In addition, the mine was able to benefit from significantly improved coal prices during the second half of the year. The permanent infrastructure improvements at Black Wattle will have a positive impact on the returns achievable from our existing coal reserves and should open up new opportunities to mine similar coal reserves in the surrounding area. Accordingly, we remain confident about the ability of our South African coal mining operations to continue to contribute to our group earnings and cash generation for the foreseeable future.In other mining news, we are pleased to announce the appointment of Millicent Zvarayi to the Board of Black Wattle Colliery (Pty) Ltd. Since 2012, Ms Zvarayi has had a major role in the management of Black Wattle's export sales via Richards Bay Coal Terminal under the Quattro ***programme***. As a member of its Board, we look forward to Ms Zvarayi's direct contribution to the development of Black Wattle's long term strategy.A fuller explanation on the performance of our mining operations for the year can be found within the Mining Review and Financial & Performance Review sections of this report.The company's UK retail property portfolio, which underpins the group and which is managed actively by London & Associated Properties Plc, continues to perform well, with average rental yields for the portfolio remaining stable during the year. A fuller explanation of the portfolio's valuation results and financial position are discussed in the Financial & Performance Review and Directors report.Looking forward, management is currently investigating other major investment opportunities in both the mining sector and the domestic property sector and is conserving the group's cash reserves accordingly. This is in line with the company's stated strategy of balancing the high risk of our mining operations with a dependable cash flow from our UK property investment operations.Finally, in light of the strong results achieved for the year, your directors recommend a special dividend of 1p (2016: Nil) per share in addition to a final dividend of 3p (2016: 3p). Both dividends will be payable on Friday 27 July 2018 to shareholders registered at the close of business on 6 July 2018. This takes the total dividends per share for the year to 5p (2016: 4p). Based on the 2017 year end share price, this represents a7.1% yield.On behalf of the Board and shareholders, Iwould like to thank all of our staff for their hardwork during the course of the year.Principal activity, strategy & business modelThe company carries on business as a mining company and its principal activity is coal mining in South Africa. The company's strategy is to create and deliver long term sustainable value to all our stakeholders through our business model which can be broken down into three key areasIn addition to the three key areas outlined above, we seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations. The company invests in retail property across the UK. The UK property portfolio is managed by London & Associated Properties PLC whose responsibility is to actively manage the portfolio to improve rental income and thus enhance the value of the portfolio over time.Mining ReviewThe strong performance of Black Wattle, our South African coal mining operation, can be attributed to increased mining production from our opencast reserves and the successful completion of coal infrastructure improvements to our washing plant. This allowed the group to benefit from the higher prices achievable for our coal, particularly in the second half of the year.Production and operationsFor the first half of 2017 production at Black Wattle was impacted by higher than expected seasonal rains as well as ongoing stone contamination issues at our opencast areas. Overall, the mine achieved mining production of 582,000 metric tonnes (2016 H1: 795,000 metric tonnes) during the first half of the year. The stone contamination issues affected both yield and mining production through the washing plant, thus impacting on sales volumes and earnings in the first half of the year.During the second half of the year, further development of our opencast areas and the successful completion of infrastructure improvements to our washing plant allowed the mine to increase mining production to 714,000 metric tonnes (2016 H2: 465,000 tonnes) during the period. In addition, the completion of infrastructure improvements assisted in reducing the stone contamination through the washing plant and increasing our overall yield.As a result of the higher production in the second half of the year, overall mining production from Black Wattle increased in 2017, with total mining production for the year of 1.30million metric tonnes (2016: 1.26million metric tonnes). As part of Black Wattle's mining ***plan***, the opencast areas that were mined in 2017 will continue to be mined throughout 2018. We expect mining production levels achieved in the second half of 2017 to be maintained in 2018.As mentioned in the Chairman's statement, the infrastructure improvements completed at Black Wattle in 2017 will continue to have a positive impact on the returns achievable from our remaining reserves. In addition, the new machinery will allow Black Wattle to mine or buy in coal from similar reserves within the area that may be affected by stone contamination issues thus broadening the scope of new opportunities for the group to extend the life of mine of our mining operations in South Africa.Main trends/marketsDuring 2017 management continued to sell coal into both the export and domestic market. Black Wattle's export sales were via Richards Bay Coal Terminal and primarily under the Quattro ***programme***, which allows junior black-economic empowerment coal ***producers*** direct access to the coal export market via Richards Bay Coal Terminal. We would like tothank Vunani Limited, our black economic empowered shareholders at Black Wattle, for managing and developing this opportunity.Although International coal prices fell in the first half of 2017, a surge in the international price in the second half of the year ensured an overall improvement in prices achievable for our coal for the year. At the beginning of 2017, the average weekly price of Free on Board (FOB) Coal from Richards Bay Coal Terminal (API4) was $85. During the year the API4 price steadily decreased to around $70 by May 2017 before rebounding and steadily increasing to $95 by the end of the year. A less volatile South African Rand against the US Dollar ensured that the movements in the Rand prices achievable for our export coal as a result of exchange movements remained limited. Overall, the group achieved an average Rand price of R773 per tonne of export coal sold in 2017 from the mine compared to R632 in 2016.In the domestic market, a continued high demand impacted positively on prices achievable for our coal in 2017. In the last quarter of 2016, the average Rand price achievable per tonne of coal sold was R276 increasing to R390 by the second quarter of 2017 and over R400 by the last quarter of 2017. Overall, the group achieved an average price of R397 per tonne of domestic coal sold in 2017 compared to R279 in 2016. Looking forward, domestic prices are expected to remain stable as long as the shortage of coal in the domestic market continues.Overall, the increase in group revenue, compared to the prior year, can mainly be attributed to the higher volume of coal sold at Black Wattle as well as the higher prices achieved for our coal.Looking forward into 2018, both the export and domestic coal prices have continued to remain stable at these higher levels and we continue to see strong demand for our coal in both markets.Sustainable developmentBlack Wattle continues to strive to conduct business in a safe, environmentally and socially responsible manner. Some highlights of our Health, Safety and Environment performance in 2017:Black Wattle Colliery recorded one Lost TimeInjury during 2017 (2016: One).No cases of Occupational Diseases wererecorded.Zero claims for the Compensation for Occupational Diseases were submitted.We continue to adhere and make progress in terms of our Social and Labour ***Plan*** and our various BEE initiatives. A fuller explanation of these can be found in our Sustainable Development Report on page 8.ProspectsLooking forward to 2018, management will focus on maintaining production at the higher levels achieved in the second half of 2017 and increasing our life of mine through the acquisition of additional reserves. With strong demand and improved prices achievable for our coal, we believe the group is in a strong position to achieve significant value from our South African mining operations in 2018.Sustainable developmentThe group is fully committed to ensuring the sustainability of both our UK and South African mining operations and delivering long term value to all our stakeholders.Health, Safety & Environment (HSE)Black Wattle is committed to creating a safe and healthy working environment for its employees and the health and safety of our employees is of the utmost importance.HSE performance in 2017:No cases of Occupational Diseases were recorded.Zero claims for the Compensation for Occupational Diseases were submitted.No machines operating at Black Wattle exceeded the regulatory noise level.Black Wattle Colliery recorded one Lost time Injury during 2017.In addition to the required personnel appointments and assignment of direct health and safety responsibilities on the mine, a system of Hazard Identification and Risk Assessments has been designed, implemented and maintained at Black Wattle.Health and Safety training is conducted on an on going basis. We are pleased to report all relevant employees to date have received training in hazard identification and risk assessment in their work areas.A medical surveillance system is also in place which provides management with information used in determining measures to eliminate, control and minimise employee health risks and hazards and all Occupational Health hazards are monitored on an on going basis.Various systems to enhance the current HSE strategy have been introduced as follows:In order to improve hazard identification before the commencing of tasks, mini risk assessment booklets have been distributed to all mine employees and long term contractors on the mine.Dover testing is conducted for all operators. Dover testing is a risk detection and accident reduction tool which identifies employees' problematic areas in their fundamental skills in order to receive appropriate training.On going basic rigging training is being conducted for all washing plant personnel.A Job Safety Analysis form is utilised to ensure effective identification of hazards in the workplace.In order to capture and record investigation findings from incidents, an incident recording sheet is utilised by line management and contractors.Black Wattle Colliery utilises ICAM (Incident Cause Analysis Method).On going training on conveyor belt operation is being conducted with all employees involved with this discipline.Black wattle colliery social and labour ***plan*** (slp) progressBlack Wattle Colliery is committed to true transformation and empowerment as well as poverty eradication within the surrounding and labour providing communities.Black Wattle is committed to providing opportunities for the sustainable socio-economic development of its stakeholders, such as:Employees and their families, through Skills Development, Education Development, Human Resource Development, Empowerment and Progression ***Programmes***.Surrounding and labour sending communities, through Local Economic Development, Rural and Community Development, Enterprise Development and Procurement ***Programmes***.Empowering partners, through Broad-Based Black Economic Empowerment (BBBEE) and Joint Ventures with Historically Disadvantaged South African (HDSA) new mining entrants and enterprises.The company engages in on going consultation with its stakeholders to develop strong company-employee relationships, strong company-community relationships and strong company-HDSA enterprise relationships.The key focus areas in terms of the detailed SLP ***programmes*** were updated as follows:Implementation of new action ***plans***, projects, targets and budgets were established through regular workshops with all stakeholders.A comprehensive desktop socio-economic assessment was undertaken on baseline data of the Steve Tshwete Local Municipality (STLM) and Nkangala District Municipality (NDM).Black Wattle has drawn up a new SLP ***Plan*** for the next five years (2017 2021).The current Black Wattle Colliery Local Economic Development (LED) ***programmes*** were upgraded, and new LED projects were selected in consultation with the key stakeholders from the STLM.An appropriate forum was established on the mine and a process initiated for the consultation, empowerment and participation of the employee representatives in the Black Wattle Colliery SLP process.Included within the new SLP ***Plan*** is a new LED project which includes the upgrading of Phumelele Secondary School in the Rockdale Township. The primary focus is to build additional facilities, including classrooms to cater for the growing population in the area.Black Wattle Colliery has concluded extensive work on various ***Agricultural*** projects as well as the E-Bag Recycling projects. The E-Bag Recycling project aims to minimize the environmental impact of post-consumer Polyethylene Terephthalate plastic (PET) on the South African landscape. The project was awarded the PET Entrepreneur award for 2013. To date in 2017, the E-Bag recycling project has initiated up to 70 local community jobs in the region. Black Wattle Colliery has entered into a joint venture project with Enviroserve Waste Management to further develop and ensure the future sustainability of this project.Various upgrades were initiated at the Evergreen School nearby to Black Wattle including the erection of new toilet facilities for the boys and girls, which formed part of the mines portable skills development ***programme*** for our employees.Social, community and human rights issuesThe group believes that it is in the shareholders' interests to consider social and human rights issues when conducting business activities both in the UK and South Africa.Environment & Environment Management ProgrammeSouth AfricaUnder the terms of the mine's Environmental Management ***Programme*** approved by the Department of Mineral Resource ("DMR"), BlackWattle undertakes a host of environmental protection activities to ensure that the approved Environmental Management ***Plan*** is fully implemented. In addition to these routine activities, Black Wattle regularly carries out environmental monitoring activities on and around the mine, including evaluation of ground water quality, air quality, noise and lighting levels, ground vibrations, air blast monitoring, and assessment of visual impacts. In addition to this Black Wattle also does quarterly monitoring of all boreholes around the mine to ensure that no contaminated water filters through to the surrounding communities.Black Wattle is fully compliant with the regulatory requirements of the Department of Water Affairs and Forestry and has an approved water use licence.Black Wattle Colliery has substantially improved its water management by erecting and upgrading all its pollution control dams in consultation with the Department of Water Affairs and Forestry.A performance assessment audit was conducted to verify compliance to our Environmental Management ***Programme*** and no significant deviations were found.United KingdomThe group's UK activities are principally property investment whereby we provide premises which are rented to retail businesses. We seek to provide those tenants with good quality premises from which they can operate in an efficient and environmentally sound manner.ProcurementBlack Wattle is a level 7 contributor to B-BBEE and has achieved a 50% BEE procurement recognition level. In compliance with the Mining Charter and the Mineral and Petroleum Resource Development Act, Black Wattle has implemented a BBBEE-focussed procurement policy which strongly encourages our suppliers to establish and maintain BBBEE credentials. At present, BBBEE companies provide approximately 88 percent of Black Wattle's equipment andservices.We closely monitor our monthly expenditure and welcome potential BBBEE suppliers to compete for equipment and service contracts at BlackWattle.EmploymentAs part of Black Wattle's commitment to the South African government Mining Charter, thecompany seeks to:Expand opportunities for historically disadvantaged South Africans (HDSAs), including women, to enter the mining and minerals industry and benefit from the extraction and processing of the country's resources;Utilise the existing skills base for the empowerment of HDSAs; andExpand the skills base of HDSAs in order toserve the community.In addition Black Wattle is committed to achieving the goals of the South African Employment Equity Act and is pleased to report the following:Black Wattle Colliery has exceeded the 10 percent women in management and core mining target.Black Wattle Colliery has achieved 12 percent women in core mining.94 percent of the women at Black Wattle Colliery are HDSA females.Black Wattle Colliery has successfully submitted their annual Employment Equity Report to the Department of Labour.In terms of staff training some highlights for 2017 were:11 employees were trained in ABET (Adult Basic Educational Training) on various levels;An additional 5 disabled women continued their training on ABET level one and two.2 HDSA Females have completed and qualified in their respective apprenticeships at the mine.Black Wattle had several of the staff of Silver Solutions CC, a black owned private contractor on the mine, trained to become competent to perform plastic pipe welding. The mine makes extensive use of their services in this area.Employment terms and conditions for our employees based at our UK office and at our South African mining operations are regulated by and are operated in compliance with all relevant prevailing national and local legislation. Employment terms and conditions provided to mining staff meet or exceed the national average. The group's mining operations and coal washing plant facility are labour intensive and unionised. During the year no labour disputes, strikes or wage negotiations disrupted production or had a significant impact on earnings. The group's relations to date with labour representatives and labour related unions continue to remain strong.In terms of directors, employees and gender representation, at the year end the group had 6directors (6 male, 0 female), 7 senior managers (6 male, 1 female) and 196 employees (143 male, 53 female). Green House Gas reportingWe have reported on all of the emission sources required under the Companies Act 2006 (***Strategic*** Report and Directors' Reports) Regulations.The group has employed the Operational Control boundary definition to outline our carbon footprint boundary. Included within that boundary are Scope 1 & 2 emissions from coal extraction and onsite mining processes for Black Wattle Colliery. We have not measured and reported on our Scope 3 emissions sources. Excluded from the footprint boundary are emission sources considered non material by the group, including refrigerant use onsite.We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and a methodology adapted from the Intergovernmental Panel on Climate Change (2006) to calculate fugitive emissions from surface coal mining activities. Further emission factors were used from UK Government's GHG Conversion Factors for company Reporting 2017.The group's carbon footprint: 2017 CO2e Tonnes 2016 CO2e Tonnes Emissions source: Scope 1 Combustion of fuel & operation of facilities 15,575 11,860 Scope 1 Emissions from coal mining activities 22,683 22,171 Scope 2 Electricity, heat, steam and cooling purchased for own use 11,210 8,530 Total 49,468 42,561 Intensity: Intensity 1 Tonnes of CO2 per pound sterling of revenue 0.0013 0.0019 Intensity 2 Tonnes of CO2 per tonne of coal ***produced*** 0.038 0.034 Principal risks &uncertainties PRINCIPAL RISK PERFORMANCE AND MANAGEMENT OF THE RISK COAL PRICE RISK The group is exposed to coal price risk as its future revenues will be derived based on contracts or agreements with physical off-take partners at prices that will be determined by reference to market prices of coal at delivery date. The group's South African mining operational earnings are significantly dependent on movements in both the export and domestic coal price. The price of export sales is derived from a US Dollar-denominated export coal price and therefore the price achievable in South African Rands can be influenced by movements in exchange rates and overall global demand andsupply. The domestic market coal prices are denominated in South African Rand and are primarily dependant on local demand and supply. The group primarily focuses on managing its underlying production costs to mitigate coal price volatility as well as from time to time entering into forward sales contracts with the goal of preserving future revenue streams. The group has not entered into any such contracts in 2017 and 2016. The group's export and domestic sales are determined based on the ability to deliver the quality of coal required by each market and Quattro ***programme*** quotas, together with the market factors set out opposite. Volumes of export sales achieved during the year were primarily dependent on the mine's ability to ***produce*** the higher quality of coal required for export as well as allowable quotas under the Quattro ***programme*** and overall global demand. The volume of domestic market sales achieved during the year were primarily dependant on local demand and supply as well as the mine's ability to ***produce*** the lower overall quality of coal required. MINING RISK As with many mining operations, the reserve that is mined has the risk of not having the qualities and accessibility expected from geological and environmental analysis. This can have a negative impact on revenue and earnings as the quality and quantity of coal mined and sold by our mining operations may be lower than expected. This risk is managed by engaging independent geological experts, referred to in the industry as the "Competent Person", to determine the estimated reserves and their technical and commercial feasibility for extraction. In addition, management engage Competent Persons to assist management in the production of detailed life of mine ***plans*** as well as in the monitoring of actual mining results versus expected performance and management's response to variances. The group continued to engage an independent Competent Person in the current year. Refer to page 6 for details of mining performance. CURRENCY RISK The group's operations are sensitive to currency movements, especially those between the South African Rand, US Dollar and British Pound. These movements can have a negative impact on the group's mining operations revenue as noted above, as well as operational earnings. The group is exposed to currency risk in regard to the Sterling value of inter-company trading balances with its South African operations. It arises as a result of the retranslation of Rand denominated inter-company trade receivable balances into Sterling that are held within the UK and which are payable by South African Rand functional currency subsidiaries. The group is exposed to currency risk in regard to the retranslation of the group's South African functional currency net assets to the Sterling reporting functional currency of the group. A weakening of the South African Rand against Sterling can have a negative impact on the financial position and net asset values reported by the group. Export sales within the group's South African operations are derived from a US Dollar-denominated export coal price. A weakening of the US Dollar can have a negative impact on the South African Rand prices achievable for coal sold by the group's South African mining operations. This in turn can have a negative impact on the group's mining operations revenue as well as operational earnings as the group's mining operating costs are Rand denominated. In order to mitigate this, the group may enter into forward sales contracts in local currencies with the goal of preserving future revenue streams. The group has not entered into any such contracts in 2017 and 2016. Although it is not the group's policy to obtain forward contracts to mitigate foreign exchange risk on inter-company trading balances or on the retranslation of the group's South African functional currency net assets, management regularly review the requirement to do so in light of any increased risk of future volatility. Refer to the 'Financial Review' for details of significant currency movement impacts in the year. NEW RESERVES AND MINING PERMISSIONS The life of the mine, acquisition of additional reserves, permissions to mine (including ongoing and once-off permissions) and new mining opportunities in South Africa generally are contingent on a number of factors outside of the group's control such as approval by the Department of Mineral Resources, the Department of Water Affairs and Forestry and other regulatory or state owned entities. In addition, the group's South African operations are subject to the government Mining Charter. Any regulatory changes to the Mining Charter, or failure to meet existing targets, could adversely affect the mine's ability to retain its mining rights in South Africa. The maintenance of compliance with permits includes factors such as environmental management, health and safety, labour laws and Black Empowerment legislation; as failure to maintain appropriate controls and compliance may in turn result in the withdrawal of the necessary permissions to mine. The management of these regulatory risks and performance in the year is noted on page 17 under the headings environmental risk, health & safety risk and labour risk. Additionally, in order to mitigate this risk, the group strives to provide adequate resources to this area including the employment of adequate personnel and the utilisation of third party consultants competent in regulatory compliance related to mining rights and mining permissions The group also continues to actively seek new opportunities to expand it mining operations in South Africa through the acquisition of additional coal reserves and new commercial arrangements with existing mining right holders. POWER SUPPLY RISK The current utility provider for power supply in South Africa is the government run Eskom. Eskom continues to undergo capacity problems resulting in power cuts and lack of provision of power supply to new projects. Any power cuts or lack of provision of power supply to the group's mining operations may disrupt mining production and impact on earnings. The group's mining operations have to date not been affected by power cuts. However the group manages this risk through regular monitoring of Eskom's performance and ongoing ability to meet power requirements. In addition, the group continues to assess the ability to utilise diesel generators as an alternative means of securing power in the event of power outages. PRINCIPAL RISK PERFORMANCE AND MANAGEMENT OF THE RISK FLOODING RISK The group's mining operations are susceptible to seasonal flooding which could disrupt mining production and impact on earnings. Management monitors water levels on an ongoing basis and various projects have been completed, including the construction of additional dams, to minimise the impact of this risk as far as possible. ENVIRONMENTAL RISK The group's South African mining operations are required to adhere to local environmental regulations. Any failure to adhere to local environmental regulations, could adversely affect the mine's ability to mine under its mining right in South Africa. In line with all South African mining companies, the management of this risk is based on compliance with the Environment Management ***Plan***. In order to ensure compliance, the group strives to provide adequate resources to this area including the employment of personnel and the utilisation of third party consultants competent in regulatory compliance related to environmental management. To date, Black Wattle is fully compliant with the regulatory requirements of the Department of Water Affairs and Forestry and has an approved water use licence. Further details of the group's Environment Management ***Programme*** are disclosed in the Sustainable development report on page 9. HEALTH & SAFETY RISK Attached to mining there are inherent health and safety risks. Any such safety incidents disrupt operations, and can slow or even stop production. In addition, the group's South African mining operations are required to adhere to local Health and Safety regulations. The group has a comprehensive Health and Safety ***programme*** in place to mitigate this risk. Management strive to create an environment where Health and safety of our employees is of the utmost importance. Our Health & Safety ***programme*** provides clear guidance on the standards our mining operation is expected to achieve. In addition, management receive regular updates on how our mining operations are performing. Further details of the group's Health and Safety ***Programme*** are disclosed in the Sustainable development report on page 8. LABOUR RISK The group's mining operations and coal washing plant facility are labour intensive and unionised. Any labour disputes, strikes or wage negotiations may disrupt production and impact earnings. In order to mitigate this risk, the group strives to ensure open and transparent dialogue with employees across all levels. In addition, appropriate channels of communication are provided to all employment unions at Black Wattle to ensure effective and early engagement on employment matters, in particular wage negotiations and disputes. Refer to the 'Employment' section on page 12 for further details. CASHFLOW RISK Commodity price risk, currency volatility and the uncertainties inherent in mining may result in favourable or unfavourable cashflows. In order to mitigate this, we seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations which are actively managed by London & Associated Properties PLC. Due to the long term nature of the leases, the effect on cash flows from property investment activities are expected to remain stable as long as tenants remain in operation. Refer to page 22 for details of the property portfolio performance. PROPERTY VALUATION RISK Fluctuations in property values, which are reflected in the Consolidated Income Statement and Balance Sheet, are dependent on an annual valuation of commercial properties. A fall in UK commercial property can have a marked effect on the profitability and the net asset value of the group as well as impact on covenants and other loan agreement obligations. The economic performance of the United Kingdom, including the potential impact of the United Kingdom leaving the European Union ("Brexit"), may impact the level of rental income, yields and associated property valuations of the group's UK property assets. The group utilises the services of London & Associated Properties PLC whose responsibility is to actively manage the portfolio to improve rental income and thus enhance the value of the portfolio over time. In addition, management regularly monitor banking covenants and other loan agreement obligations as well as the performance of our property assets in relation to the overall market over time. Management continue to monitor and evaluate the impact of Brexit on the future performance of the Group's existing UK portfolio. In addition, the group assesses on an ongoing basis the impact of Brexit on the group's banking covenants, loan obligations and future investment decisions. Refer to page 22 for details of the property portfolio performance. Financial & performance reviewThe movement in the Group's Adjusted EBITDA from Â£1.5million in 2016 to Â£5.8million in 2017 can mainly be attributed to the higher prices achieved for our coal and increased mining production at Black Wattle offsetting the impact of higher mining and washing costs. As we continue into 2018, the group's financial position remains strong and we expect to achieve significant value from our existing mining operations as noted in the Mining Review.EBITDA, adjusted EBITDA and mining production are used as key performance indicators for the group and its mining activities as the group has a ***strategic*** focus on the long term development of its existing mining reserves and the acquisition of additional mining reserves in order to realise shareholder value. Mining production can be defined as the coal quantity in metric tonnes extracted from our reserves during the period and held by the mine before any processing through the washing plant. Whilst profit/(loss) before tax is considered as one of the key performance indicators of the group, the profitability of the group and the group's mining activities can be impacted by the volatile and capital intensive nature of the mining sector. Accordingly, EBITDA and adjusted EBITDA are primarily used as key performance indicators as they are indicative of the value associated with the group's mining assets expected to be realised over the long term life of the group's mining reserves. In addition, for the group's property investment operations, the net property valuation and net property revenue are utilised as key performance indicators as the group's substantial property portfolio reduces the risk profile for shareholders by providing stable cash generative UK assets and access to capital appreciation. Key performance indicators The key performance indicators for the group are: 2017 Â£'000 2016 Â£'000 For the group: Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA) 5,819 1,516 EBITDA 3,734 2,415 Profit/(loss) before tax 1,485 346 For our property investment operations: Net property valuation (excluding joint ventures) 13,245 13,245 Net property revenue (excluding joint ventures) 1,125 1,084 For our mining activities: Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA) 4,894 755 EBITDA 2,811 1,204 Tonnes '000 Tonnes '000 Mining production 1,296 1,260 The key performance indicators of the group can be reconciled as follows: Mining Â£'000 Property Â£'000 Other Â£'000 2017 Â£'000 Revenue 36,300 1,125 34 37,459 Mining and washing costs (25,664) - - (25,664) Other operating costs excluding depreciation (5,742) (228) (6) (5,976) Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA) 4,894 897 28 5,819 Exchange movements (256) - - (256) Fair value adjustments - (13) - (13) Gain on disposal of other investments - - 3 3 Operating profit excluding depreciation 4,638 884 31 5,553 Share of (loss)/profit and write off's in joint venture (1,827) 8 - (1,819) EBITDA 2,811 892 31 3,734 Net interest movement (459) Depreciation (1,790) Profit/(loss) before tax 1,485 The key performance indicators of the group can be reconciled as follows: Mining Â£'000 Property Â£'000 Other Â£'000 2016 Â£'000 Revenue 21,703 1,084 28 22,815 Mining and washing costs (16,184) - - (16,184) Other operating costs excluding depreciation (4,764) (348) (3) (5,115) Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA) 755 736 25 1,516 Exchange movements 449 - - 449 Fair value adjustments - 445 12 457 Operating profit excluding depreciation 1,204 1,181 37 2,422 Share of (loss)/profit in joint venture - (7) - (7) EBITDA 1,204 1,174 37 2,415 Net interest movement (284) Depreciation (1,785) Profit/(loss) before tax 346Adjusted EBITDA is used as a key indicator of the trading performance of the group and its operating segments representing operating profit before the impact of depreciation, fair value adjustments, gains/(losses) on disposal of other investments and foreign exchange movements. The group's operating segments include its South African mining operations and UK property investments. The performance of these two operating segments are discussed in more detail below.The group achieved EBITDA for the year of Â£3.7 million (2016: Â£2.4million). The movement compared to the prior year can mainly be attributed to increased operating profits before depreciation from our mining activities of Â£4.9million (2016: Â£1.2million) offset by the group's share of losses in joint venture mining assets of Â£1.8million (2016: Â£nil). The share of losses in joint ventures can be attributed to the write off of our joint venture mining investment in Ezimbokodweni Mining (Pty) LTD of Â£1.8million which is discussed in further detail below.Depreciation for the year, related to our mining operations, remained stable at Â£1.8million (2016: Â£1.8million) with the group reporting an overall profit before tax of Â£1.5million (2016: Â£0.3million). SOUTH AFRICAN MINING OPERATIONSPerformance The key performance indicators of the group's South African mining operationsarepresented in South African Rand and UK Sterling as follows: South African Rand UK Sterling 2017 R'000 2016 R'000 2017 Â£'000 2016 Â£'000 Revenue 622,691 432,481 36,300 21,703 Mining and washing costs (440,241) (322,505) (25,664) (16,184) Operating profit before other operating costs and depreciation 182,450 109,976 10,636 5,519 Other operating costs (excluding depreciation) (5,742) (4,764) Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA) 4,894 755 Exchange movements (256) 449 Share of loss in joint ventures (1,827) - EBITDA 2,811 1,204 2017 '000 2016 '000 Mining production in tonnes 1,296 1,260 2017 R 2016 R Revenue per tonne of mining production 480 343 Mining and washing costs per tonne of mining production (340) (256) Operating profit per tonne of mining production before other operating costs and depreciation 140 87 A breakdown of the quantity of coal sold and revenue of the group's South African mining operations are presented in metric tonnes and South African Rand as follows: Domestic '000 Export '000 2017 '000 Domestic '000 Export '000 2016 '000 Quantity of coal sold in tonnes 1,267 155 1,422 1,219 147 1,366 Domestic R'000 Export R'000 2017 R'000 Domestic R'000 Export R'000 2016 R'000 Total Revenue 502,818 119,873 622,691 339,611 92,870 432,481 R R R R R R Revenue per tonne of coal sold 397 773 438 279 632 317The quantity of coal sold can be defined as the quantity of coal sold in metric tonnes from the mine in any given period. Revenue per tonne of coal sold can be defined as the net revenue price achieved per metric tonne of coal sold. Total revenue for the group's mining operations increased for the year from R317 per tonne of coal sold in 2016 to R438 in 2017, attributable to the average price increases achieved in both the domestic and export market. As a result of the overall higher mining production, the quantity of coal sold for the year increased to 1.422million tonnes (2016: 1.366million tonnes). Overall, the revenue for the group's South African mining operations increased in the year to R622.7million (2016: R432.5 million).The overall increase in cost per tonne from R256 per tonne to R340 per tonne can mainly be attributed to the movement of mining operations to new opencast reserves at Black Wattle which have higher inherent mining costs. As a result of the higher mining cost per tonne and the increase in total mining production, total mining and washing costs for the group increased from R322.5million in 2016 to R440.2million in 2017.Other operating costs (excluding depreciation) of Â£5.7million (2016: Â£4.8million) include general administrative costs as well as administrative salaries and wages related to our South African mining operations that are incurred both in South Africa and in the UK. These costs are not significantly impacted by movements in mining production and the increase during the year can mainly be attributed to exchange movements on the translation of South African Rand costs into Sterling. Overall costs were in line with management's expectations and local inflation.Overall, the group's South African mining operations achieved an adjusted EBITDA of Â£4.9million (2016: Â£0.8million) attributable to the increase in mining production for the year and higher prices achievable for our coal offsetting the higher mining cost per tonne of our new opencast reserves.The group's EBITDA for mining activities of Â£2.8million (2016: Â£1.2million) for the year, in comparison to the result achieved for adjusted EBITDA were negatively impacted by the share of loss in joint ventures of Â£1.8million (2016: Â£nil) related to the write off of our investment in Ezimbokodweni Mining (Pty) Ltd as well as an exchange rate loss of Â£0.3million in the current year compared to an exchange rate gain of Â£0.4million incurred during the prior year. These exchange movements can mainly be attributable to the retranslation of Rand denominated inter-company trade receivable balances with our South African mining operations that are held within the UK.A further explanation of the mines operational performance can be found in the Mining Review on page 6.Other mining InvestmentsDuring the year the group wrote off its Â£1.8million investment in Ezimbokodweni Mining (Pty) Limited ("Ezimbokodweni") made up of a Â£1.4million loan (2016: Â£1.4million) and a Â£0.4million (2016: Â£0.4million) joint venture investment.The carrying value of the investment was dependent upon the completion of the acquisition of the Pegasus coal project ("the project") in South Africa. Although a proposed sale and purchase agreement had been negotiated and a deposit paid for the project, the conclusion of the transaction had been delayed pending the commercial transfer of the prospecting right from the current owners of the project to Ezimbokodweni. Although the group has always remained committed to completing the transaction, previous negotiations to complete the commercial acquisition of the project had been beset by various delays outside of its control and at the beginning of 2017, the current owners of the project notified Ezimbokodweni that they no longer wished to divest the project. More recently, the group was notified that an agreement was reached between the current owners of the project and the directors of Ezimbokodweni for the deposit for the project to be returned and any further negotiations with Ezimbokodweni to acquire the project to be terminated. Although, a legal claim by the group has been issued against Ezimbokodweni and its representatives, in order for the group to recover some of the investment, the Board has considered it to be appropriate to write off the investment in full in the 2017 year end.Uk property investmentPerformanceThe group's portfolio is managed actively by London & Associated properties plc and continues to perform well with net property revenue (excluding joint ventures) across the portfolio increasing marginally during the year to Â£1.125million (2016: Â£1.084million). The property portfolio was externally valued at 31 December 2017 and the value of UK investment properties attributable to the group at year end remained unchanged at Â£13.25 million (2016: Â£13.25million).Joint venture property investmentsThe group holds a Â£0.9million (2016: Â£0.9million) joint venture investment in Dragon Retail Properties Limited, a UK property investment company. The open market value of the company's share of investment properties included within its joint venture investment in Dragon Retail Properties remained unchanged at Â£1.3million (2016: Â£1.3million).Overall, the group achieved net property revenue of Â£1.21million (2016: Â£1.17million) for the year which includes the company's share of net property revenue from its investment in joint ventures of Â£83,000 (2016: Â£86,000).LoansSouth AfricaIn July 2017, the group increased its South African structured trade finance facility with Absa Bank Limited from R80million (South African Rand) to R100million. The facility is renewable annually at 30 June and is secured against inventory, debtors and cash that are held in the group's South African operations. This facility comprises of a R80million revolving facility to cover the fluctuating working capital requirements of the group's South African operations, and a fully drawn R20million loan facility to cover guarantee requirements related to the group's South African mining operations. The Board anticipate the facility will be renewed again this year.United KingdomIn December 2014, the group signed a Â£6 million term loan facility with Santander. The Loan is secured against the group's UK retail property portfolio. The facility has a five year term, and is repayable at the end of the term. The interest cost of the loan is 2.35% above LIBOR. No covenants were breached during the year. Cashflow & financial position The following table summarises the main components of the consolidated cashflow for the year: Year ended 31 December 2017 Â£'000 Year ended 31 December 2016 Â£'000 Cash flow generated from operations before working capital and other items 5,819 1,625 Cash flow from operating activities 7,270 2,614 Cash flow from investing activities (1,936) (1,691) Cash flow from financing activities (429) (521) Net (decrease) / increase in cash and cash equivalents 4,905 402 Cash and cash equivalents at 1 January (890) (626) Exchange adjustment 50 (666) Cash and cash equivalents at 31 December 4,065 (890) Cash and cash equivalents at 31 December comprise: Cash and cash equivalents as presented in the balance sheet 5,327 2,444 Bank overdrafts (secured) (1,262) (3,334) 4,065 (890)Cash flow generated from operating activities increased compared to the prior year to Â£7.3million (2016: Â£2.6 million) mainly due to the improved operating performance of our South African mining operations, as outlined above. Overall the group achieved an increase in operating profit during the year of Â£3.8million (2016: Â£0.6million). In addition to operating profit, the increase in cashflow generation from operating activities can also be attributed to a cashflow increase from trade receivables of Â£0.9million (2016: Â£0.2million), as a result of an decrease in the trade receivables balances of our South African domestic coal customers, and a cashflow increase from inventories of Â£0.9million (2016: decrease of Â£0.26million), as a result of improved coal sales from our South African mining operations in the last quarter of 2017.Investing cashflows primarily reflect the net effect of capital expenditure during the year of Â£1.8million (2016: Â£2.9million) which can mainly be attributable to the new infrastructure improvements to the washing plant facility at Black Wattle, as outlined in the Mining Review. As at year end the group's mining reserves, plant and equipment had a net asset value of Â£8.6million (2016: Â£8.5million) with capital expenditure being offset by depreciation of Â£1.8million (2016: Â£1.8milion) for the year.Cash outflows from financing activities included dividends paid to shareholders of Â£0.4million (2016: 0.4 million).Overall, the group managed to achieve an overall increase in cash and cash equivalents of Â£4.9million (2016: Â£0.4million) for the year. After taking into account an exchange gain of Â£0.05million (2016: loss of Â£0.7million) on the translation of the group's year end net balance of cash and cash equivalents that were held in South African Rands, the group's net balance of cash and cash equivalents (including bank overdrafts) at year end was Â£4.1 million (2016: balance owing of: Â£0.9million).The group has considerable financial resources available at short notice including cash and cash equivalents (excluding bank overdrafts) of Â£5.3million (2016: Â£2.4million), investments available for sale of Â£1.1million (2016: Â£0.8million) and its Â£2m loan to Dragon Retail Properties Limited which accrues annual interest at 6.875 per cent. The above financial resources totalling Â£8.4million (2016: Â£5.2million).The net assets of the group reported as at year end were Â£17.7million (2016: Â£17.0million). Total assets remained stable at Â£36.6million (2016: Â£36.9million) mainly due to a decrease in inventory and trade receivables balances at year end, as outlined above, and the write off of the groups' joint venture investment in Ezimbokodweni Mining (Pty) Ltd of Â£1.8million offsetting the increase in the groups' cash and cash equivalents balance from Â£2.4million to Â£5.3million during the year. Liabilities decreased from Â£19.9million to Â£18.8million during the year primarily due to a decrease in current borrowings from Â£3.4million in 2016 to Â£1.3million in 2017. This decrease can mainly be attributed to a decrease in borrowings drawn from the groups' South African structured trade facility utilised by the groups' mining operations. The overall exchange gain recorded through the translation reserve on translation of the group's South African net assets at year end decreased to Â£0.1million (2016: Â£1.0million) as a result of the reduced movement of the South African Rand against UK sterling year to year.Further details on the group's cashflow and financial position are stated in the Consolidated Cashflow Statement on page 59 and the Consolidated Balance Sheet on page 56. FUTURE PROSPECTSAs we continue into 2018, the group's financial position remains strong and we expect to achieve significant additional value from our existing mining operations. The group continues to seek to expand its operations in South Africa through the acquisition of additional coal reserves, in particular in areas surrounding Black Wattle where additional value can be achieved through the use of our existing infrastructure. In addition, management is currently investigating other major investment opportunities in the domestic property sector in line with the groups' overall strategy of balancing the high risk of our mining operations with a dependable cash flow and capital appreciation from our UK property investment operations.Further information on the outlook of the company can be found in both the Chairman's Statement on page 2 and the Mining Review on page 6 which form part of the ***Strategic*** Report.Signed on behalf of the Boardof DirectorsGarrett Casey Finance Director20 April 2018 GovernanceManagement team1 Sir Michael Heller Chairman Bisichi Mining PLC2 Andrew Heller Managing Director Bisichi Mining PLC Managing Director Black Wattle Colliery3 Christopher Joll Senior Independent Director Chairman Audit and Remuneration Committees4 Garrett Casey Finance Director Bisichi Mining PLC Director Black Wattle Colliery5 Robert Grobler Director of Mining Bisichi Mining PLC Director Black Wattle Colliery6 Ethan Dube Director Black Wattle Colliery7 Millicent ZvarayiDirector Black Wattle Colliery8 Nico Serfontein Mine Manager Black Wattle CollieryDirectors and advisors Sir Michael Heller MA, FCA (Chairman) Andrew R Heller MA, ACA (Managing Director) Garrett Casey CA (SA) (Finance Director) Robert Grobler Pr Cert Eng (Director of mining)O+ Christopher A Joll MA (Non-executive) Christopher Joll was appointed a Director on 1 February 2001. He has held a number of non-executive directorships ofquoted and un-quoted companies and is currently senior partner of MJ2 Events LLP an event management business.O John A Sibbald BL (Non-executive) John Sibbald has been a Director since 1988. After qualifying as a Chartered Accountant he spent over 20years in stockbroking, specialising in mining and international investment. Member of the nomination committee+ Senior independent directorOMember of the audit, nomination andremuneration committees. Secretary and registered officeGarrett Casey CA (SA) 24 Bruton Place London W1J 6NEBlack Wattle Colliery DirectorsAndrew Heller (Managing Director) Ethan Dube Robert Grobler Millicent Zvarayi Garrett CaseyProperty portfolio asset managerJames Charlton BSc MRICSCompany RegistrationCompany registration No. 112155 (Incorporated in England and Wales)Website[*www.bisichi.co.ukE-mailadmin*](http://www.bisichi.co.ukE-mailadmin)@bisichi.co.ukAuditorBDO LLPPrincipal bankersUnited Kingdom Santander UK PLC National Westminster Bank PLC Investec PLCSouth Africa ABSA Bank (SA) First National Bank (SA) Standard Bank (SA)Corporate solicitorsUnited Kingdom Fladgate LLP, London Memery Crystal, London Olswang LLP, LondonSouth Africa Brandmullers Attorneys, Middelburg Herbert Smith Freehills, JohannesburgHogan Lovells, Johannesburg Tugendhaft Wapnick Banchetti andPartners, JohannesburgStockbrokersShore Capital & Corporate LtdRegistrars and transfer officeLink Asset Services 65 Gresham Street London EC2V 7NQ Telephone 0871 664 0300(Calls cost 12p per minute + network extras) or +44 (0) 371 664 0300 for overseascallers   [*www.linkassetservices.com*](http://www.linkassetservices.com) Email: [*shareholderenquiries@linkgroup.co.uk*](mailto:shareholderenquiries@linkgroup.co.uk) Five year summary 2017 Â£'000 2016 Â£'000 2014 Â£'000 2013 Â£'000 2012 Â£'000 Consolidated income statement items Revenue 37,459 22,815 25,655 26,500 35,105 Operating profit/(loss) 3,763 637 150 1,364 123 Profit/(loss) before tax 1,485 346 (147) 1,568 102 Trading profit/(loss) before tax 3,317 (74) (188) 1,157 17 Revaluation and impairment profit/(loss) before tax (1,832) 420 41 411 85 EBITDA 3,734 2,415 1,365 4,609 3,039 Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA) 5,819 1,516 1,717 4,276 3,834 Consolidated balance sheet items Investment properties 13,245 13,245 12,800 11,575 11,559 Fixed asset investments 925 2,703 2,112 4,090 4,370 14,170 15,948 14,912 15,665 15,929 Available for sale investments 1,050 781 594 796 822 15,220 16,729 15,506 16,461 16,751 Other assets less liabilities less non-controlling interests 1,922 (72) (196) 854 (123) Total equity attributable to equity shareholders 17,142 16,657 15,310 17,315 16,628 Net assets per ordinary share (attributable) 160.6p 156.0p 143.4p 162.2p 156.3p Dividend per share 5.00p 4.00p 4.00p 4.00p 4.00p Financial calendar 6 June 2018 Annual General Meeting 27 July 2018 Payment of final and special dividend for 2017 (ifapproved) Late August 2018 Announcement of half-year results to30June 2018 Late April 2019 Announcement of results for year ending 31December 2018 Directors' reportThe directors submit their report together with the audited financial statements for the year ended 31December 2017.Review of business, future developments and post balance sheet eventsThe group continues its mining activities. Income for the year was derived from sales of coal from its South African operations. The group also has a property investment portfolio for which it receives rental income.The results for the year and state of affairs of the group and the company at 31 December 2017 are shown on pages 54 to 94 and in the ***Strategic*** Report on pages 2 to 23. Future developments and prospects are also covered in the ***Strategic*** Report and further details of any post balance sheet events can be found in note 31 to the financial statements. Over 99 per cent. of staff are employed in the South African coal mining industry employment matters and health and safety are dealt with in the ***Strategic*** Report.The management report referred to in the Director's responsibilities statement encompasses this Directors' Report and ***Strategic*** Report on pages 2 to 23.Corporate responsibilityEnvironmentThe environmental considerations of the group's South African coal mining operations are covered in the ***Strategic*** Report on pages 2 to 23.The group's UK activities are principally property investment whereby premises are provided for rent to retail businesses. The group seeks to provide those tenants with good quality premises from which they can operate in an efficient and environmentally friendly manner. Wherever possible, improvements, repairs and replacements are made in an environmentally efficient manner and waste re-cycling arrangements are in place at all the company's locations.Greenhouse Gas EmissionsDetails of the group's greenhouse gas emissions for the year ended 31 December 2017 can be found on page 12 of the ***Strategic*** Report.EmploymentThe group's policy is to attract staff and motivate employees by offering competitive terms of employment. The group provides equal opportunities to all employees and prospective employees including those who are disabled. The ***Strategic*** Report gives details of the group's activities and policies concerning the employment, training, health and safety and community support and social development concerning the group's employees in South Africa.Dividend policyAn interim dividend for 2017 of 1p was paid on 9 February 2018 (Interim 2016: 1p). The directors recommend the payment of a final dividend for 2017 of 3p per ordinary share (2016: 3p) as well as a special dividend of 1p (2016: Nil) making a total dividend for 2017 of 5p (2016: 4p).Subject to shareholder approval, the total dividend per ordinary share for 2017 will be 5p per ordinary share.The final dividend and the special dividend will be payable on Friday 27 July 2018 to shareholders registered at the close of business on 6 July 2018.Investment propertiesThe investment property portfolio is stated at its open market value of Â£13,245,000 at 31 December 2017 (2016: Â£13,245,000) as valued by professional external valuers. The open market value of the company's share of investment properties included within its investments in joint ventures is Â£1,315,000 (2016: Â£1,315,000).Financial instrumentsNote 21 to the financial statements sets out the risks in respect of financial instruments. The Board reviews and agrees overall treasury policies, delegating appropriate authority to the managing director. Financial instruments are used to manage the financial risks facing the group. Treasury operations are reported at each Board meeting and are subject to weekly internal reporting.DirectorsThe directors of the company for the whole year were Sir Michael Heller, A R Heller, G J Casey, C A Joll, R J Grobler (a South African citizen), and J A Sibbald.The directors retiring by rotation are Mr A R Heller and Mr R J Grobler who offers themselves for re-election.Mr A R Heller has been an executive director of the company since 1998. He is a Chartered Accountant and has been employed by the group since 1994 under a contract of employment determinable at three months' notice. The board recommends the re-election of AR Heller.Mr R J Grobler was appointed as General Mine Manager by Black Wattle Colliery (Proprietary) Ltd on 1 May 2000. He was appointed to the Board of Bisichi Mining PLC as Director of Mining on 22 August 2008. He has over 40 years' experience in the South African coal mining industry. The board recommends the re-election of RJ Grobler.No director had any material interest in any contract or arrangement with the company during the year other than as shown in this report.Directors' shareholdingsThe interests of the directors in the shares of the company, including family and trustee holdings where appropriate, are shown on page 38 of the Annual Remuneration Report.Substantial interestsThe following have advised that they have an interest in 3 per cent. or more of the issued share capital of the company as at 16 April 2018:London & Associated Properties PLC 4,432,618 shares representing 41.52 per cent. of the issued capital. (Sir Michael Heller is a director and shareholder of London & Associated Properties PLC). Sir Michael Heller 330,117 shares representing 3.09 per cent. of the issued capital. A R Heller 785,012 shares representing 7.35 per cent. of the issued capital. Cavendish Asset Management Limited 1,892,654 shares representing 17.73 per cent. of the issued share capital. James Hyslop 351,126 shares representing 3.29 per cent. of the issued share capital.Disclosure of information to auditorThe directors in office at the date of approval of the financial statements have confirmed that as far as they are aware that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all reasonable steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to theauditor.INDEMNITIES AND INSURANCEThe Articles of Association and Constitution of the company provide for them to indemnify, to the extent permitted by law, directors and officers (excluding the Auditor) of the companies, including officers of subsidiaries, and associated companies against liabilities arising from the conduct of the Group's business. The indemnities are qualifying third-party indemnity provisions for the purposes of the UK Companies Act 2006 and each of these qualifying third-party indemnities was in force during the course of the financial year ended 31 December 2017 and as at the date of this Directors' report. No amount has been paid under any of these indemnities during the year.The Group has purchased directors' and officers' insurance during the year. In broad terms, the insurance cover indemnifies individual directors and officers against certain personal legal liability and legal defence costs for claims arising out of actions taken in connection with Group business.CORPORATE GOVERNANCEThe Board acknowledges the importance of the guidelines set out in the Quoted Companies Alliance (QCA) published Corporate Governance Code and complies with these so far as is appropriate having regard to the size and nature of the company. The paragraphs below set out how the company has applied this guidance during the year.Principles of corporate governanceThe group's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management, but also as a positive contribution to business prosperity. The Board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the circumstances of the group's business. The key objective is to enhance and protect shareholder value.Board structureDuring the year the Board comprised the executive chairman, the managing director, two other executive directors and two non-executive directors. Their details appear on page 27. TheBoard is responsible to shareholders for the proper management of the group. The Directors' responsibilities statement in respect of the accounts is set out on page 46. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is aprocedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the group. The Board has a formal schedule of matters reserved to it and meets bi-monthly.The Board is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.The following Board committees, which have written terms of reference, deal with specific aspects of the group's affairs:The nomination committee is chaired by Christopher Joll and comprises the non-executive directors and the executive chairman. The committee is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. In appropriate cases recruitment consultants are used to assist the process. Each director is subject to re-election at least every three years.The remuneration committee is responsible for making recommendations to the Board on the company's framework of executive remuneration and its cost. The committee determines the contractual terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive directors. The committee comprises the non-executive directors. It is chaired by Christopher Joll. The company's executive chairman is normally invited to attend meetings. The report on directors' remuneration is set out on pages 35 to 42.The audit committee comprises the two non-executive directors and is chaired by Christopher Joll. Its prime tasks are to review the scope of external audit, to receive regular reports from the company's auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the group's internal control and risk management systems and processes. The committee also considers annually the need for an internal audit function. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. The committee, which meets formally at least twice a year, provides a forum for reporting by the group's external auditors.Meetings are also attended, by invitation, by thecompany chairman, managing director and finance director.The audit committee also undertakes a formal assessment of the auditors' independence each year which includes:a review of non-audit services provided to thegroup and related fees;discussion with the auditors of a written report detailing consideration of any matters that could affect independence or the perception of independence;a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; andobtaining written confirmation from the auditors that, in their professional judgement, they are independent.The audit committee report is set out on page43.An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 4 to the financial statements.Performance evaluation board, boardcommittees and directorsThe performance of the board as a whole and of its committees and the non-executive directors is assessed by the chairman and the managing director and is discussed with the senior independent director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the Board. The performance of executive directors is discussed and assessed by the remuneration committee. The senior independent director meets regularly with the chairman and both the executive and non-executive directors individually outside of formal meetings. The directors will take outside advice in reviewing performance but have not found this necessary to date.Independent directorsThe senior independent non-executive director is Christopher Joll. The other independent non-executive director is JohnSibbald.Christopher Joll has been a non-executive director for over fifteen years and John Sibbald has been a non-executive director for over twenty five years. The Board encourages Christopher Joll and John Sibbald to act independently. The board considers that their length of service and connection with the company's public relations advisers, does not, and has not, resulted in their inability or failure to act independently. In the opinion of the Board, Christopher Joll and JohnSibbald continue to fulfil their role as independent non-executive directors.The independent directors regularly meet priorto Board meetings to discuss corporategovernance issues.Board and board committee meetingsThe number of meetings during 2017 and attendance at regular Board meetings and Board committees was as follows: Meetings held Meetings Attended Sir Michael Heller Board Nomination committee 5 1 5 1 A R Heller Board Audit committee 5 2 5 2 G J Casey Board Audit committee 5 2 5 2 R J Grobler Board 5 1 C A Joll Board Audit committee Nomination committee Remuneration committee 5 2 1 1 5 2 1 1 J A Sibbald Board Audit committee Nomination committee Remuneration committee 5 2 1 1 5 2 1 1Internal controlThe directors are responsible for the group's system of internal control and review of its effectiveness annually. The Board has designed the group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.The key elements of the control system in operation are:the Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;there are established procedures for ***planning***, approval and monitoring of capital expenditure and information systems for monitoring the group's financial performance against approved budgets and forecasts;UK property and financial operations are closely monitored by members of the Board and senior managers to enable them to assess risk and address the adequacy of measures in place for its monitoring and control. The South African operations are closely supervised by the UK based executives through daily, weekly and monthly reports from the directors and senior officers in South Africa. This is supplemented by monthly visits by the UK based finance director to the South African operations which include checking the integrity of information supplied to the UK. The directors are guided by the internal control guidance for directors issued by the Institute of Chartered Accountants in England and Wales.During the period, the audit committee has reviewed the effectiveness of internal control as described above. The Board receives periodic reports from its committees.There are no significant issues disclosed in the Annual Report for the year ended 31 December 2017 (and up to the date of approval of the report) concerning material internal control issues. The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.Communication with shareholdersCommunication with shareholders is a matter of priority. Extensive information about the group and its activities is given in the Annual Report, which is made available to shareholders. Further information is available on the company's website,   [*www.bisichi.co.uk*](http://www.bisichi.co.uk). There is a regular dialogue with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the group are dealt with informatively and promptly.Takeover directiveThe company has one class of share capital, ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank pari passu. There are no securities issued in the company which carry special rights with regard to control of the company. The identity of all substantial direct or indirect holders of securities in the company and the size and nature of their holdings is shown under the "Substantial interests" section of this report above.A relationship agreement dated 15 September 2005 (the "Relationship Agreement") was entered into between the company and London & Associated Properties PLC ("LAP") in regard tothe arrangements between them whilst LAP is a controlling shareholder of the company. The Relationship Agreement includes a provision under which LAP has agreed to exercise the voting rights attached to the ordinary shares inthe company owned by LAP to ensure the independence of the Board of directors of thecompany.Other than the restrictions contained in the Relationship Agreement, there are no restrictions on voting rights or on the transfer of ordinary shares in the company. The rules governing the appointment and replacement of directors, alteration of the articles of association of the company and the powers of the company's directors accord with usual English company law provisions. Each director is re-elected at least every three years. The company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the company following a takeover bid. The company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.There are no agreements between the company and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.The Bribery Act 2010The Bribery Act 2010 came into force on 1 July 2011, and the Board took the opportunity to implement a new Anti-Bribery Policy. The company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance of the code is closely monitored.Annual General MeetingThe annual general meeting of the company ("Annual General Meeting") will be held at 24 Bruton Place, London W1J 6NE on Wednesday, 6 June 2018 at 11.00 a.m. Resolutions 1 to 9 will be proposed as ordinary resolutions. More than 50 per cent. of shareholders' votes cast must be in favour for those resolutions to be passed. Resolutions 10 to 12 will be proposed as special resolutions. At least 75 per cent. of shareholders' votes cast must be in favour for those resolutions to be passed.The directors consider that all of the resolutions to be put to the meeting are in the best interests of the company and its shareholders as a whole. The Board recommends that shareholders vote in favour of all resolutions.Please note that the following paragraphs are only summaries of certain resolutions to be proposed at the Annual General Meeting and not the full text of the resolutions. You should therefore read this section in conjunction with the full text of the resolutions contained in the notice of Annual General Meeting.Directors' authority to allot shares (Resolution 9)In certain circumstances it is important for the company to be able to allot shares up to a maximum amount without needing to seek shareholder approval every time an allotment is required. Paragraph 9.1.1 of resolution 9 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to an aggregate nominal value of Â£355,894. This represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) at 16 April 2018 (being the last practicable date prior to the publication of this Directors' Report). Paragraph 9.1.2 of resolution 9 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to a further aggregate nominal value of Â£355,894, in connection with a pre-emptive rights issue. This amount represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) at 16 April 2018 (being the last practicable date prior to the publication of this Directors' Report).Therefore, the maximum nominal value of shares or rights to subscribe for, or convert any security into, shares which may be allotted or granted under resolution 9 is Â£711,788.Resolution 9 complies with guidance issued by the Investment Association (IA).The authority granted by resolution 9 will expire on 31 August 2019 or, if earlier, the conclusion of the next annual general meeting of the company. The directors have no present intention to make use of this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use as recommended by the IA.Disapplication of pre-emption rights (Resolution 10)A special resolution will be proposed at the Annual General Meeting in respect of the disapplication of pre-emption rights.Shares allotted for cash must normally first be offered to shareholders in proportion to their existing shareholdings. The directors will, at the forthcoming Annual General Meeting seek power to allot equity securities (as defined by section 560 of the Companies Act 2006) or sell treasury shares for cash as if the pre-emption rights contained in Section 561 of the Companies Act 2006 did not apply:(a) in relation to pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities or as the directors otherwise consider necessary, up to a maximum nominal amount of Â£355,894 which represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) and, in relation to rights issues only, up to a maximum additional amount of Â£355,894 which represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares), in each case as at 16 April 2018 (being the last practicable date prior to the publication of this Directors' Report); and(b) in any other case, up to a maximum nominal amount of Â£53,384 which represents approximately 5 per cent. of the ordinary share capital of the company in issue (excluding treasury shares) as at 16 April 2018 (being the last practicable date prior to the publication of this Directors' Report).In compliance with the guidelines issued by the Pre-emption group, the directors will ensure that, other than in relation to a rights issue, no more than 7.5 per cent. of the issued ordinary shares (excluding treasury shares) will be allotted for cash on a non-pre-emptive basis over a rolling three year period unless shareholders have been notified and consulted in advance.The power in resolution 10 will expire when the authority given by resolution 9 is revoked or expires.The directors have no present intention to make use of this authority.NOTICE OF GENERAL MEETINGS (RESOLUTION11)Resolution 11 will be proposed to allow the company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. A resolution in the same terms was passed at the Annual General Meeting in 2017. The notice period required by the Companies Act 2006 for general meetings of the company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. Annual General Meetings must always be held on at least 21 clear days' notice. It is intended that the flexibility offered by this resolution will only be used for time-sensitive, non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the company must make a means of electronic voting available to all shareholders for that meeting.Purchase of own Ordinary Shares (Resolution 12)The effect of resolution 12 would be to renew the directors' current authority to make limited market purchases of the company's ordinary shares of 10 pence each. The power is limited to a maximum aggregate number of 1,067,683 ordinary shares (representing approximately 10 per cent. of the company's issued share capital as at 16 April 2018 (being the last practicable date prior to publication of this Directors' Report)). The minimum price (exclusive of expenses) which the company would be authorised to pay for each ordinary share would be 10 pence (the nominal value of each ordinary share). The maximum price (again exclusive of expenses) which the company would be authorised to pay for an ordinary share is an amount equal to 105 per cent. of the average market price for an ordinary share for the five business days preceding any such purchase.The authority conferred by resolution 12 will expire at the conclusion of the company's next annual general meeting or 15 months from the passing of the resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchase through the London Stock Exchange. If granted, the authority would only be exercised if, in the opinion of the directors, to do so would result in an increase in earnings per share or net asset value per share and would be in the best interests of shareholders generally. In exercising the authority to purchase ordinary shares, the directors may treat the shares that have been bought back as either cancelled or held as treasury shares (shares held by the company itself). No dividends may be paid on shares which are held as treasury shares and no voting rights are attached to them.As at 16 April 2018 (being the last practicable date prior to the publication of this Directors' Report) the total number of new ordinary shares over which options have been granted was 380,000 shares representing 3.56 per cent. of the company's issued share capital (excluding treasury shares) as at that date. Such number of options to subscribe for new ordinary shares would represent approximately 3.95 per cent. of the reduced issued share capital of the company (excluding treasury shares) assuming full use of the authority to make market purchases sought under resolution 12.DonationsNo political or charitable donations were made during the year (2016: Nil).Going concernThe group's business activities, together with the factors likely to affect its future development are set out in the Chairman's Statement on the preceding page 2, the Mining Review on pages 6 to 7 and its financial position is set out on page 22 of the ***Strategic*** Report. In addition Note 21 to the financial statements includes the group's treasury policy, interest rate risk, liquidity risk, foreign exchange risks and credit risk.The group has prepared cash flow forecasts which demonstrate that the group has sufficient resources to meet its liabilities as they fall due for at least the next 12 months.In July 2017, the group increased its South African structured trade finance facility with Absa Bank Limited from R80million (South African Rand) to R100million. The facility is renewable annually at 30 June and is secured against inventory, debtors and cash that are held in the group's South African operations. This facility comprises of a R80million revolving facility to cover the fluctuating working capital requirements of the group's South African operations, and a fully drawn R20million loan facility to cover guarantee requirements related to the group's South African mining operations. The Directors do not foresee any reason why the facility will not continue to be renewed at the next renewal date, in line with prior periods and based on their banking relationships.The directors expect that the improved coal market conditions experienced by Black Wattle Colliery, its direct mining asset in 2017 and the first quarter of 2018 will be similar for at least the next 12 months. The directors therefore have a reasonable expectation that the mine will continue to achieve positive levels of cash generation for the group for at least the next 12 months. As a consequence, the directors believe that the group is well placed to manage its South African business risks successfully.In the UK, a Â£6 million term loan facility repayable in 2019 is held with Santander Bank PLC. The loan is secured against the company's UK retail property portfolio. The debt package has a five year term and is repayable at the end of the term. The interest cost of the loan is 2.35% above LIBOR.If required, the group has sufficient financial resources available at short notice including cash, available-for-sale investments and its Â£2m loan to Dragon Retail Properties Limited which is repayable on demand. In addition its investment property assets benefit from long term leases with the majority of its tenants.As a result of the banking facilities held as well as the acceptable levels of profitability and cash generation the group's South African operations are expected to achieve for at least the next 12 months, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.Audit committee reportThe committee's terms of reference have been approved by the board and follow published guidelines, which are available from the company secretary. The audit committee comprises the two non-executive directors, Christopher Joll (chairman), an experienced financial PR executive and John Sibbald, a retired chartered accountant.The Audit Committee's prime tasks are to:review the scope of external audit, to receive regular reports from the auditor and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation;monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;assess key risks and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the group's risk management control and processes;act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the group's internal control and risk management systems and processes;consider each year the need for an internal audit function;advise the board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work, and discuss the nature and scope of their audit work;participate in the selection of a new external audit partner and agree the appointment when required;undertake a formal assessment of the auditors' independence each year which includes: - a review of non-audit services provided to the group and related fees; - discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence; - a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and - obtaining written confirmation from the auditors that, in their professional judgement, they are independent.MeetingsThe committee meets prior to the annual audit with the external auditors to discuss the audit ***plan*** and again prior to the publication of the annual results. These meetings are attended by the external audit partner, managing director, director of finance and company secretary. Prior to bi-monthly board meetings the members of the committee meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings are held as necessary.During the past year the committee:met with the external auditors, and discussed their reports to the Audit Committee;approved the publication of annual and half-year financial results;considered and approved the annual review of internal controls;decided that due to the size and nature of operation there was not a current need for an internal audit function;agreed the independence of the auditors and approved their fees for both audit related and non-audit services as set out in note 4 to the financial statements.FINANCIAL REPORTINGAs part of its role, the Audit Committee assessed the audit findings that were considered most significant to the financial statements, including those areas requiring significant judgment and/or estimation. When assessing the identified financial reporting matters, the committee assessed quantitative materiality primarily by reference to the carrying value of the group's total assets, given that the group operates a principally asset based business. The Board also gave consideration to the value of revenues generated by the group, given the importance of production, and its Adjusted EBITDA, given that it is a key trading KPI, when determining quantitative materiality. The qualitative aspects of any financial reporting matters identified during the audit process were also considered when assessing their materiality. Based on the considerations set out above we have considered quantitative errors individually or in aggregate in excess of approximately Â£300,000 to Â£350,000 to be material.External AuditorsBDO LLP held office throughout the year. In the United Kingdom the company is provided with extensive administration and accounting services by London & Associated Properties PLC which has its own audit committee and employs a separate firm of external auditors, RSM UK Audit LLP (Formerly Baker Tilly UK Audit LLP). In South Africa Grant Thornton (Jhb) Inc. acts as the external auditor to the South African companies, and the work of that firm was reviewed by BDO LLP for the purpose of the group audit.Christopher Joll Chairman audit committee24 Bruton Place London W1J 6NE 20 April 2018Valuers' certificatesTo the directors of Bisichi Mining PLCIn accordance with your instructions we have carried out a valuation of the freehold property interests held as at 31 December 2017 by the company as detailed in our Valuation Report dated 20 February 2018.Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2017 of the interests owned by the company was Â£13,245,000 being made up as follows: Â£'000 Freehold 10,550 Leasehold 2,695 13,245 Leeds 20 February 2018 Carter Towler Regulated by Royal Institute of Chartered SurveyorsDirectors' responsibilities statementThe directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss for the groupfor that period.In preparing these financial statements, the directors are required to: select suitable accounting policies and then apply them consistently; make judgements and accounting estimates that are reasonable and prudent; state with regard to the group financial statements whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements; state with regard to the parent company financial statements, whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business; and prepare a director's report, a ***strategic*** report and director's remuneration report which comply with the requirements of the Companies Act 2006.The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.Website publicationThe directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.Directors' responsibilities pursuant to DTR4The directors confirm to the best of their knowledge: the group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group. the annual report includes a fair review of the development and performance of the business and the financial position of the group and the parent company, together with a description or the principal risks and uncertainties that they face. Independent auditor's reportTo the members of Bisichi Mining PLCOpinionWe have audited the financial statements of Bisichi Mining Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash ?ow statement, the parent company balance sheet, the parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.In our opinion the financial statements:give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; andthe financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.Basis for opinionWe conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.Conclusions relating to going concernWe have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; orthe directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.Key audit mattersKey audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.The following key audit matters were identified for the period under review:The risk that estimates and judgments in the life of mine model may be inappropriate and mining assets require impairment.The risk that investment property valuations are inappropriate.The risk that judgments, estimates and disclosure associated with the carrying value of Ezimbokedwini and impairment charges are inappropriate

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[***South Africa's growing chorus for land reform***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S0M-FH51-F00C-633G-00000-00&context=1516831)

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**Body**

Black South Africans are tired of waiting to get their land back. In 1994, hopes soared that the government would start to return land to the landless. The lack of action has fuelled demands for a more radical approach that the new ANC leadership cannot ignore

Just after the newly elected top six leaders of the governing African National Congress (ANC) had held a bad-tempered meeting with outgoing President Jacob Zuma about the terms for his retirement, a very different, and perhaps more significant, meeting was organised for the following day, 5 February. This time it was just two bulls in the kraal: Zuma and King Goodwill Zwelithini. The venue was the royal palace at Ulundi, in the north of KwaZulu-Natal. Some had speculated that the Zulu king was trying to persuade Zuma to make a dignified exit without causing political havoc. Instead, says a palace insider, most of the meeting was about land. King Zwelithini called Zuma to the private meeting to reiterate his opposition to the ANC’s ***plans*** for land reform. A staunch Zulu traditionalist, Zuma was expected to defend the interests of his monarch. As one of the richest South Africans, Zwelithini chairs the Ingonyama Trust that manages about 2.8m hectares, just under a third of KwaZulu-Natal.

A week earlier, new ANC president Cyril Ramaphosa had joined Zwelithini to commemorate his ancestor King Cetshwayo’s victory over the British at the Battle of Isandlwana. "I warned Mr Ramaphosa that as the governing party they must not make the mistake of taking away the land of the Zulus because all hell will break loose," said Zwelithini, with history ringing in everyone’s ears.

ANC leaders are taking that threat seriously. The Ingonyama Trust was set up in 1994 ostensibly to prevent a war of secession over control of the Zulu lands between the government in Pretoria and the Zulu king. Traditionalists fear that deal could start to unravel under a new land tenure system.

Certainly, the role of South Africa’s seven royal families as guardians of swathes of farmland on behalf of their 18 million subjects is under attack. That is why Ramaphosa has met all the monarchs this year: to find a way for the ANC’s new ***plans*** for land reform to work without breaking down traditional authority.

Yet some kind of compromise with traditional rulers over land rights is anathema to the ANC’s urbanised modernising forces. They want sweeping land reform to tackle historical dispossession and boost economic empowerment through a new class of smallholder farmers. Some activists also argue there would be a democratic dividend if traditional rulers were stripped of their power over land.

Last December, the ANC national conference passed a resolution supporting the expropriation of land without compensation. It is a radical step forward, but chairman of the ANC’s economic transformation committee Enoch Godongwana and his allies insisted on caveats. Such expropriation should not threaten food security, nor damage growth and employment in the rest of the economy.

Growing pains

Nevertheless, radical ideas are on the agenda. In March, the ANC is due to hold a national conference on land to find ways to speed up the redistribution and also boost farm production and create jobs.

Much of the debate will draw on the 2017 report by the High-Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change, chaired by former president Kgalema Motlanthe. It offers a highly critical view of land policies and their implementation. "Land redistribution has proceeded at a slow and uneven pace over the past 22 years," the report states. The panel also found that budgets for land redistribution have fallen sharply over the past decade.

Ruth Hall, a land expert at the University of Western Cape and one of the researchers who briefed Motlanthe’s team, says there is no need to change the constitution to redistribute land. Instead, the report "found that the biggest challenge standing in the way of land reform is not the property rights clause but the implementation of land reform policies [and] procedures, and extended, entrenched corruption in the system." Activists want the government to clean up existing legislation, ensure land reform is transparent, increase the department of rural development and land reform’s budget and fill the large number of vacancies there.

A lack of accountability in the system means public money is being wasted and new farmers are being denied the state support they need. The Motlanthe report criticises the government for "entering into costly ventures to acquire high-value land and conclude deals with ***strategic*** partners to run commercial farms and associated processing facilities in the names of farm workers whose beneficiary trusts are invisible to public scrutiny."

Land to the tiller

Hall wants the ANC to be bolder and start expropriations that make economic sense: "The time to pay out farmers full market price is over. Government entities expropriate land all the time. It’s nothing new. It should happen." Managed effectively, this would concentrate minds and speed up land reform, she argues.

Almost everyone agrees that change is urgent. Inequities in South Africa’s land holdings are among the most extreme in the world, worse than Zimbabwe’s before Robert Mugabe’s government launched the fast-track land resettlement ***programme*** in 2000. According to an audit by the Agri SA lobby, white farmers own almost three-quarters of South Africa’s ***agricultural*** land. Two decades ago, white farmers controlled about 85% of the land.

***Agriculture*** creates jobs, especially in the countryside, and in 2016 primary ***agricultural*** production was worth R263.2bn ($22bn). Under the current weak economic conditions, the ANC led by Ramaphosa is reluctant to do anything to undermine farm productivity. But serious land reform is a top political imperative, whoever runs the ANC.

It is also treacherous terrain. On the one hand are many fearful and avaricious white farmers resisting even gradual change, and on the other activist groups such as the Economic Freedom Fighters (EFF) and Black First Land First calling for mass expropriations.

Over the past two years, the radical EFF has won kudos with its vocal opposition to Zuma’s presidency and its set-piece confrontations in parliament. It may have to work harder to score points against Ramaphosa, outside his ties with white-owned conglomerates. Outbidding the ANC on land reform could help the EFF.

For activists such as Sizani Ngubane, a member of the Rural Women’s Movement, land reform should not only improve living standards in the countryside but change the balance of power. Ngubane works in KwaZulu-Natal and her organisation has been campaigning against horrific rights abuses there: "Indigenous people are treated like slaves on farms". But she also wants land reform to serve as a counterweight to the power of traditional leaders, most of whom refuse to allocate land to women in their own right. In many cases, the land is registered under the name of a male relative. Some traditional leaders are also abusing their position as managers of land on behalf of their communities by failing to consult them before striking deals with mining companies, says Ngubane.

From promise to pragmatism

However, she says she does not expect that the ANC government will suddenly get radical on land policy: "I find it difficult to believe that they are going to achieve their goal of expropriation without compensation in the near future. This could be just one of their campaigning strategies to win the elections in 2019."

Professor Ben Cousins, another land specialist at the University of the Western Cape, argues that expropriation without compensation could face various legal hurdles: "It’s going to be difficult to implement as a legally binding measure. What criteria do you use? Where do you stand under the law?"

There seems to be at least two views on the expropriation policy within the ANC, says Cousins: "There is a view that is opposed to it and they would like to see some compensation […]. Another faction wants to push it through not as a practical issue but as a way to out the EFF in its place."

Addressing thousands of supporters, newly elected ANC president Ramaphosa said in East London in January that the country will launch "an ***agricultural*** revolution". He was talking about great boosts to production and food security. But what does this mean in practice and for the dreams of the landless millions?

Rampahosa’s talk was exciting, but there is a deafening silence from the department of rural development and land reform, which is meant to manage the redistribution ***programme***. It is coming under growing fire. "Those waiting for land will be disappointed […]. People who are tasked to deliver land, like the department, are in disarray," according to Cousins. "There is no reason why land reform should be so slow. It’s an incompetent minister and people who run it."

The Rural Women’s Movement’s Ngubane adds: "Government is just not committed to land reform. They have bought farms and up till now have not transferred the land into the names of the communities."

Since the vote for the expropriation policy at the conference, officials have released more details about the process. ANC secretary general and outgoing Free State premier Ace Magashule says the party is finalising the modalities of land expropriation and other "mechanisms to affect land reform and redistribution". The new policy, he adds, would have to ensure "food security, greater ***agricultural*** output and attract investment in the sector".

At the party’s special lekgotla (meeting) in January, Jessie Duarte, the ANC’s deputy secretary general, said the ANC government will impose "strict conditions for how the beneficiaries use the land for farming and to make food security a priority. The government will ensure support for emerging and current farmers."

South Africa is a regional giant in farming and food processing, so there are big ***strategic*** reasons to make the policy work as effectively as possibly while trying to correct historic and current injustices. Commercial farmers, who like to cite the crash in production triggered by land reform in Zimbabwe, are nervous about disruptions. Michelle Mokone, an economist for the Grain SA lobby group, tells The Africa Report that government policies must ensure the sustainability of the grain sector. "[The problem] is the uncertainty of how the policy will be implemented and the implications of it. [The ***agricultural*** sector] is a big contributor to the economy, and we cannot end up like Zimbabwe."

White fright

Other lobby groups are also unsure about the future of the sector. Commercial farmers are likely to redouble their lobbying efforts as the government goes ahead with its expropriation policy, especially if any of them are targeted. AgriSA says "populist" policies could weaken ***agricultural*** output and the ability to attract new investment. "Policy certainty is number one for investment, and this is the ultimate uncertainty," says Agri SA’s legal and policy adviser Annelize Crosby.

The government, she argues, should not "pretend it is going to solve all the problems if they are going to tamper with the property clause – it’s actually dangerous for everyone."

Jaco Schoeman, an Eastern Cape farmer and chairman of the lobby Afrikanerbond, says his organisation is deeply disappointed in Ramaphosa. Before the expropriation policy, Afrikanerbond thought it was on the brink of "finding a solution within the farming sector, but all the noises are creating anxiety and fear." Schoeman points to a lack of imagination. He argues that the big landowners have a responsibility to share, and many have land they are not using for farming which could be parcelled out for the landless.

Perhaps the biggest problem with the government’s policies, good or bad, is that the administrative system is in many cases breaking down. Several thousand restitution claims lodged before 1998 await resolution and the solutions to 20,000 resolved claims have not been implemented. New claims lodged since 2014 already number around 150,000 and could rise to 400,000. These managerial weaknesses, says the Rural Women’s Movement’s Ngubane, are hitting communities meant to be the beneficiaries of government land purchases.

The University of Western Cape’s Hall says about 70% of land claims in provinces such as Limpopo are still outstanding. At the current rate of progress, it would take about 141 years to resolve the backlog of land claims. "The ANC has placed itself in a corner. They must first deal with the outstanding land claims," says Hall. "The Motlanthe panel suggests that land claims should be transparent and get local councils at the district level to be part of the process."

For the land specialist Cousins, building a much stronger cohort of small-scale farmers will meet targets for equity and boost production: "The key beneficiaries should rather be the 200,000 market-oriented, black smallholder farmers who ***produce*** crops and livestock for sale."

With stronger demands coming from the ANC, commercial farmers in South Africa insist – somewhat desperately – that land reform is not a zero-sum game. Theo de Jager, president of the World Farmers’ Organisation and a farmer in Limpopo, says the ANC’s 2012 conference in Mangaung had a workable solution to the land question: "[It] calls on a partnership between government and the sector. There are about 100 such projects where the rural poor are trained. It’s a partnership with big commercial farmers, but the state has never invested in this 50/50 model."

Soul erosion

The land question in South Africa goes way beyond finding the most efficient forms of economic organisation, according to Hall. "Land represents identity to black people," but it has not been a political priority for the ANC so far. "[It] will be very important for the ANC to demonstrate that the party is serious about land reform."

Big farming is giving Ramaphosa the benefit of the doubt at the moment. "He understands business and is a farmer and a key player in the National Development ***Plan***, which we support," says Agri SA’s Crosby.

At least the threat of expropriation is triggering commercial farmers and agribusiness to innovate: "There are proposals from us and the banking sector [to] create [a] positive policy environment so that people are willing to invest," says Crosby. "The world is running out of food – we can be the food basket for Africa."

In few other areas of public policy are the polarities between idealism and materialism more evident. On one hand, there is the spiritual connection between a people and their land, and ways to strengthen a community by the restitution of what has been stolen. On the other, there are ***plans*** for multibillion-dollar investments that could launch South Africa into the international premier league of food ***producers***.

Somehow, Ramaphosa will have to navigate that landscape. And a message from Black First Land First campaigner Zanele Lwana might help: "My family is landless. I grew up in Khayelitsha in Cape Town. I trained as a teacher. I would like a piece of land to farm. We do not endorse the expropriation of land for private use. Land must be owned communally. Give everyone a piece of land to farm."

**Load-Date:** March 31, 2018

**End of Document**



[***Rise of the modernday land barons; Accused of 'the worst features of capitalism' the firms accused of exploiting planning laws are investigated by Isabelle Fraser***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P61-GSG1-JBVM-Y4RP-00000-00&context=1516831)

The Sunday Telegraph (London)

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**Section:** BUSINESS AND MONEY;BUSINESS; Pg. 4

**Length:** 1710 words

**Byline:** Isabelle Fraser

**Body**

In October last year, Tony Gallagher threw his friend David Cameron a 50th birthday party at Sarsden House, his 17th-century mansion near Chipping Norton, Oxfordshire. He served a dinner of roast beef and lamb, cooked on his Aga, to a private gathering of 23 people.

At the same time, Gallagher was also quietly ***planning*** to sell the company that he had built up over three decades, accumulating land, gaining ***planning*** permission, and auctioning it off at vast profit.

After reportedly holding talks with the Pears family, the Wellcome Trust and Berkeley Homes, Gallagher Estates was sold to housing association L&Q in January. It netted the entrepreneur a £250m payday, propelling him into 152nd place in The Sunday Times Rich List, with an overall fortune estimated at £850m.

Such is the life of the modern-day land baron. A group of private companies, largely unknown to the public, have carved out a lucrative niche locating and snapping up land across the UK.

Operating in the murky world of "***strategic*** land" promotion, these firms prepare sites for development by doing the time-consuming work of gaining ***planning*** permission. It is then sold on "shovel-ready" to housebuilders. These companies don't ever build homes, but work within the labyrinthine ***planning*** system, taking advantage of its weaknesses and loopholes.

It's a modern-day gold rush: the magazine Farmers' Weekly is filled with adverts for companies offering to prepare ***agricultural*** land for building; Gladman Developments, a land promoter, offers its services on a "no win, no fee" basis to lure landowners interested in selling up, claiming a success rate of 90pc. The reason for this is the sheer profit that can be made by obtaining ***planning*** permission on a ***strategic*** site of land.

According to Simon Hodson, head of residential land at JLL, while an average acre of ***agricultural*** land may sell for £5,000 to £10,000, land with ***planning*** permission for residential development is normally worth £1m-4m per acre, depending on its location and the amount of infrastructure and preparation needed before building. These companies will then take a cut of 10-30pc of the sale value, depending on the size of the site. This means that the murky underbelly of the land market is highly profitable: in the year ending March 31 2016, Gladman made a pre-tax profit of £11.6m, while Gallagher's was £79m in the year to June 30 2016. The company was bought for £505m, which included land to build 42,500 new homes.

The companies keep a low profile, and so do their bosses. Gallagher quietly donated £110,000 to the Conservative party last year, while Gladman has also built his firm up over decades, selling his family home to invest in his first tracts of land.

The way they operate and the nature of the land market means it is difficult to know the scale of this opaque world.

When promoting land, these companies will seldom purchase it upfront, but instead either pay the owner an option for exclusive rights, or promise the money once it is sold, with the landowner retaining the land and being actively involved in the sale process. The options don't need to be registered anywhere, and they are not obliged to detail their deals in their results. A search through a database created by Freedom of Information requests of land ownership by campaigner Guy Shrubsole reveals that Gladman owns just 304 acres, but it says it ***produces*** sites for 10,000 homes per year, a far higher amount.

Gallagher owns just 714 acres according to this database. Such is the opaque nature of these land deals that mythology swirls around the industry: one - unproven, and very likely untrue - claim is that 90pc of green belt has long-term speculative options in place, in case the Government of the day changes its policy on building on it.

The true size of the industry is almost impossible to find out. There are around eight big companies, and many more smaller ones, quietly preparing land around the country, though largely outside London.

Figures from Savills suggest that land promoters and investors currently control around 20pc of land due to be put through ***planning***, enough for 153,400 homes. This is compared to housebuilders which own just 7.7pc of land at this stage in development. This disparity is caused partly by the fact that these promoters work on a much longer-term basis, picking up options on land for development in 15 or even 20 years. A site for 10,000 homes that Gallagher developed in Northstowe, Cambridgeshire, was acquired in 1998, and then finally sold to housebuilders last year.

It also takes away much of the risk for housebuilders, which can focus on building rather than the secondary, more inefficient ***planning*** side of the business. Some sites can get held up in a lengthy appeal process, or even fail to get ***planning***, says Adrian Clack, Gallagher's land director; housebuilders can't afford to let that happen. In this way these businesses play a valuable role in removing risk from developers by taking it on themselves. "Historically the traditional UK housebuilder model has been focused on buying with three to five year profit margins. It's short term, hand-to-mouth," says Hodson. "It's a business model that isn't suited to the promotion of long term sites, as they can't turn cash over quickly enough."

A source in one of the large housebuilders says that it buys one third of its plots from these land promoters, although this figure varies. Some housebuilders have substantial land banks that they take through the ***planning*** system itself, such as Taylor Wimpey and Persimmon.

Much of the success comes from navigating the ***planning*** system. Land promoters track down underfunded local authorities that have not yet set out a local ***plan*** for housing in the next 15 years, or a ***programme*** for building in the next five years in its National ***Planning*** Policy Framework. Enter a land promotion company, which finds sites in these areas where the council is likely to say yes.

David Gladman, co-founder of the eponymous company, told the High Court last July: "We normally only target local authorities whose ***planning*** is in relative disarray and … either have no up-to-date local ***plan*** or, temporarily, they do not have a five-year supply of consented building plots." Just 41pc of local authorities have a five-year ***plan*** for housing supply, according to Savills. If a local authority doesn't have that in place, it means as long as a ***planning*** application meets certain criteria it will be approved.

Gladman employs a team of more than 50 town planners to develop these sites. Companies searching for land use aerial photography, maps, data and agents to find the sites, often simply knocking on doors to ask landowners if they want to sell up.

Last year Gladman sold 10,000 plots over 50 sites on the edges of towns, mainly to SME housebuilders, but Gallagher concentrates on fewer, much larger sites for thousands of homes, divvying it up between major developers. One site, near Milton Keynes, will have 6,500 homes, built by six housebuilders. "We will look to the edge of settlements where there are sites that make a sensible extension to town or city," says Clack. After its takeover of Gallagher, L&Q will build a mixture of affordable homes and those for private rent and sale on its land, while it continues to use its expertise and ***produce*** more land for it and other developers.

The approach of many of these land businesses put them in the crosshairs of "Not in my back yard" residents. Local newspapers are full of references to acrimonious ***planning*** meetings caused by Gladman's ***plans***. Last month, an application it lodged in the small Kent village of Charing was rejected and declared "outrageous" by the parish council chairman. Late last year the former Archbishop of Canterbury, Lord Carey, accused Gladman's firm of "reflecting the worst features of capitalism" when it applied for ***planning*** permission opposite his Berkshire home, disrupting his ***plans*** to sell up.

Are these businesses a nefarious force? They are "an instrumental part of delivering housing," says Hodson, and help accelerate the amount of land ready to be built on. Last year, 293,127 homes were granted ***planning*** permission, according to the Home Builders Federation, a record high. By preparing large sites for development, like Gallagher does, it's easier to create a combination of residential and commercial property, parcelling off areas to experts in that field.

But by charging a premium for a clean site that's ready to be built on, it forces developers to increase house prices to recoup the high outlay on land, while cutting the viability of building affordable homes. "Land promoters deliberately pump the cost of land higher and higher, then reap the rewards when they sell it," says Catharine Banks, policy officer at Shelter.

While housebuilders have recently been accused of "land banking" by Government, hoarding land with ***planning*** permission that could be built on, the same could be levelled at these businesses. Research by Shelter last month found that almost a third of sites that have been approved to have homes built on have not been completed within the last five years. Gladman, however, claims it doesn't hang on to land and offers it for sale within a couple of months of gaining ***planning*** as, under the option system, it only makes money when it is sold.

"The land market is inefficient and fragmented," says Tom Aubrey, from the Centre for Progressive Capitalism, who argues that these land promoters are a natural product of its dysfunction and lack of transparency.

He likens the model of these businesses to private equity firms, as an agile, speculative force. "It's a bit like airlines before the internet was set up: it was difficult to know who had the best price because of the asymmetry of information."

The Government has signalled it wants to open up the land market, making data on land and who owns it more accessible. According to Shelter's Banks, this "would be a small but very powerful change, which could help the country build the homes we so desperately need."

'Land promoters normally only target local authorities whose ***planning*** is in relative disarray'

'We will look to the edge of settlements where there are sites that make a sensible extension to town or city'

**Graphic**

Land promoters acquire options on plots of land and apply for ***planning*** permission, before selling on to housebuilders for a profitSarsden House, the 17th-century mansion where property millionaire Tony Gallagher hosted a birthday party for David Cameron, right

**Load-Date:** August 6, 2017

**End of Document**



[***Cushman appoints EMEA head of flexible leasing; Cushman & Wakefield has appointed Emma Swinnerton as international partner and EMEA head of flexible leasing solutions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S51-CF51-JCF2-H2F2-00000-00&context=1516831)

Estates Gazette

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**Section:** NEWS; Pg. 26

**Length:** 1188 words

**Byline:** Louisa Clarence-Smith

**Body**

Cushman & Wakefield has appointed Emma Swinnerton as international partner and EMEA head of flexible leasing solutions.

Swinnerton previously worked at Regus, where she was global commercial director for Spaces, the brand launched in 2015 to attract media, digital and creative companies.

She began her career with British Airways, working her way up to a senior role in global product development. This included delivering new customer propositions and overseeing a $300m (£212.6m) commercialisation ***programme*** around in-flight technology.

In her new role, Swinnerton will provide ***strategic*** advice to operators, landlords, investors and new entrants on how to respond to the changing dynamics of the market.

Swinnerton said: “The rise of the flexible sector is an area of genuine transformative disruption in the office sector.

“All sides are still getting to grips with the significant growth, which will only increase in the next few years.

“As providers hit a scale, they need to deliver a consistent brand promise to consumers while also looking at where next to grow.

“Landlords and investors, meanwhile, need to understand the opportunities, as do new entrants into the market looking to establish a product which can differentiate and deliver value.”

Colin Wilson, chief executive officer, EMEA, Cushman & Wakefield, said: “The flexible office market has shown significant growth recently, moving rapidly to the mainstream in many of the markets across Europe.

“All participants need to understand the fast-moving dynamics and how they can adapt, react or play a leading role in this change.

“Emma’s sector experience, as well as her previous roles developing new offers, will be critical for our clients to be able to respond to this rapidly evolving and technologically driven change.”

To send feedback, e-mail [*Louisa.Clarence-Smith@egi.co.uk*](mailto:Louisa.Clarence-Smith@egi.co.uk) or tweet @LouisaClarence or @estatesgazette

JOURNAL : Farmers Weekly

Farmers have voiced deepening concern after a Defra adviser suggested reintroducing wildcats to the English countryside – and offered to bankroll the scheme himself.

It is the latest controversial suggestion from Ben Goldsmith, the millionaire environmentalist appointed as a non-executive member to the Defra board by Michael Gove earlier this year.

“The wildcat is much smaller than the Lynx and still exists in Britain, albeit in tiny numbers that cling on in western Scotland,” he tweeted.

See also: Gove appoints green campaigner to Defra board

“A national project to rehabilitate our rarest predator is long overdue, and would doubtless have the overwhelming backing of the British public.”

Mr Goldsmith believes wildcats could be used to help control grey squirrels. He said: “Find me someone who wouldn’t like to see native wildcats restored to the British landscape.

“We can be sure that the public would be overwhelmingly supportive of such a ***plan***, as we have seen with the return of otters, beavers, pine martens, sea eagles, red kites and bustards.”

‘Open to the idea’

Defra secretary Mr Gove is reportedly “open to the idea,” according to the Daily Telegraph, which said Mr Goldsmith had already spent £200,000 on supporting the reintroduction of beavers.

But the NFU warned that any species introduction, particularly if it had not been present for centuries, could have a “massive impact” on farming and the wider countryside.

It is not the first time Mr Goldsmith has incurred farmers’ wrath.

He has suggested that large farms are “routinely soaked in toxic chemicals”, that the NFU speaks only for the largest subsidy junky farms, and that soil is “stuffed with artificial fertilisers”.

Last month, Leicestershire arable farmer Joe Stanley wrote to Mr Gove, warning that Mr Goldsmith’s views represented the worst “divisive anti-***agriculture*** bias”.

Mr Stanley said: “The Defra board is no place for an individual so blinkered and offensive in his opinions. This is a time for sensible people and sound debate – not extremism and hysteria.”

But Mr Goldsmith defended his views, asking which of his assertions have “no basis in fact?”.

“Are most large farms not routinely soaked in toxic chemicals? Have our farmland birds not collapsed in abundance? Are our uplands not uniquely treeless and barren?

“Do our factory farmed animals in fact lead happy lives?”

Organic sheep farmer John Fyall said he found Mr Goldsmith’s comments offensive and couldn’t believe he had been appointed as a Defra adviser.

He added: “Change comes through engaging, not disparaging and dismissing.”

JOURNAL : Farmers Weekly

Fans of Ford’s 450hp Raptor will no doubt be disappointed that this all-American bruiser of a pickup will never go on sale this side of the Atlantic.

But thanks to the efforts of pre-owned Derbyshire 4x4 specialist Motorseeker UK, they can get they can get their mitts on a vehicle that sports a very similar look.

For the past couple of years, the firm has been building Raptor-style trucks based on the far more European-friendly Ranger diesel.

The starting point is a good, used truck with reasonably low mileage and any trim level – from entry-level commercial machines all the way up to the top-spec Wildtrak.

See also: Beefed-up Isuzu AT35 pickup is off-road king

These then get a thorough mechanical going over before the modifications start. For the standard Raptor model, this includes a 2in suspension lift, fitting of 16in steel rims with on- or off-road tyres and wide wheel arch extensions.

Snorkels optional

Buyers have the choice of a huge range of additional options too, from bonnet scoops and roll bars to snorkels and full underseal application. Higher-lift suspension kits and more extreme off-road add-ons are also available.

Prices for trucks fitted with the standard modifications start at about £17,000 +VAT and go up to about £25,000 +VAT.

For that, you’ll get a newer-shape T7 donor vehicle with the addition of various coloured vinyl wraps. The firm is even ***planning*** to offer a Realtree woodland camouflage version.

All the parts fitted by Motorseeker UK are standard off-the-shelf products, so it is possible to create a similar look on your own truck by sourcing and fitting the products.

However, for those that would rather leave the work to the professionals, Motorseeker does offer a service to fit out existing vehicles.

It also offers similar conversion kits for the Nissan Navara, Isuzu DMax, Toyota Hilux and Mitsubishi L200.

The inspiration – Ford F-150 Raptor

The hottest version of Ford’s ever-popular USA-spec F-150 pickup range is the 450hp Raptor, which has been treated to a revamp for 2018.

It now comes with a 3.5-litre, twin-turbocharged V6 petrol that develops a meaty 444hp and 692Nm torque. That’s enough to get it from 0 to 60mph in about six seconds.

This six-potter replaces the old model’s 6.2-litre V8, which actually ***produced*** less power and torque at 411hp and 588Nm respectively.

In the transmission department, Ford is using a new 10-speed auto with paddle shifters as well as a switchable four-wheel drive system.

Its list price is $50,000 (about £35,500) but there are no ***plans*** for it to go on sale in the UK. With a fuel economy figure of about 16mpg, that’s probably no bad thing.

**Load-Date:** April 20, 2018

**End of Document**



[***Register of Commission documents: The sheep and goat sector in the EU: Main features, challenges and prospects Document date: 2017-08-31 EPRS\_BRI(2017)608663 Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PRD-4RD1-JDG9-Y48C-00000-00&context=1516831)

Impact News Service

October 16, 2017 Monday

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**Length:** 4117 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

Briefing September 2017 EPRS | European Parliamentary Research Service Author: Rachele Rossi Members' Research Service PE 608.663 EN The sheep and goat sector in the EU Main features, challenges and prospects SUMMARY Sheep and goats grazing on meadows in the countryside are part of the landscape and cultural heritage of many European countries. They are a source of employment in disadvantaged ***agricultural*** areas and the high-quality traditional products they yield are broadly recognised as the result of a sustainable and multifunctional form of ***agriculture*** that contributes to preserving the environment and social cohesion in rural areas. Yet, the EU sheep and goat sector has been experiencing economic and structural difficulties in recent decades, mainly involving a consistent decrease in livestock numbers, following outbreaks of contagious diseases and policy changes in public funding schemes. With a population of about 98 million animals and a production that accounts for a small share of the total EU livestock output, the sheep and goat sector does not ensure self-sufficiency. That is why the EU is among the world's main importers of sheep and goats, mainly from New Zealand and Australia.

Moreover, as sheep and goat farming is among the less remunerative ***agricultural*** activities, it does not encourage investments or new entrants from younger generations of farmers. Several EU-level policy instruments are available for providing support to this sector in its capacity to deliver both food and public goods, such as landscape and biodiversity conservation. However, considering its low profitability and the fact that production is mostly located in less favoured areas, EU stakeholders are recommending the inclusion of specific policy measures in the framework of current discussions on the Common ***Agricultural*** Policy post-2020, as well as the adoption of communication and promotion measures to strengthen the position of the sector in respect of EU consumers' choices. In this briefing:  Facts and figures about the sheep and goat sector  The EU policy framework  Challenges and perspectives  Stakeholders  European Parliament  Main references EPRS The sheep and goat sector in the EU Members' Research Service Page 2 of 8 Facts and figures about the sheep and goat sector Population numbers and geographical distribution The EU's sheep and goat population numbers approximately 98 million heads, of which sheep represent 87 %. Due to the decoupling (removal of the link between subsidies and production) of the EU ewe and goat premium on the one hand, and the outbreak of animal diseases on the other, these numbers have been in constant decline (falling by 16 % in the case of sheep over the 2000– 2016 period). A more stable or slightly reversed trend can be observed in recent years.1 Sheep are reared on more than 850 000 EU farms, and goats on more than 450 000, corresponding to 14 % and 7 % of all EU farms with livestock, respectively. On average, there are 113 sheep and 26 goats per EU farm. However, due to local traditional specialisations, farm structures and market situations throughout the EU, these figures vary significantly between Member States, with the United Kingdom ranking first in both indicators for sheep farms and Greece and the Netherlands ranking first for goat farms, as shown in Table 1.2 Although the vast majority (about 70 %) are breeding sheep or goats, there are significant differences in terms of breeds, such as between heavier suckling and lighter dairy breeds. The UK has one of the highest densities of sheep per square kilometre in most of its regions, as do Greece, Cyprus, and to a lesser extent some regions of Italy (Sardinia), Spain (Extremadura and the Balearic Islands) and the Netherlands (North Holland) (see Map 1). Sheep flocks are generally larger than goat herds: the largest average sheep flock in West Wales (UK) is double the size of the largest average goat herd in the Canary Islands (Spain), with 618 and 315 heads, respectively. Table 1 – Main features of EU sheep and goat farms Indicator EU-28 Member State ranking 1st Member State ranking 28th Country Value Country Value Share of farms with sheep 14 % UK 51 % Poland 1 % Average No of sheep per farm 113 UK 449 Malta 10 Share of farms with goats 7 % Greece 27 % Finland 1 % Average No of goats per farm 26 Netherlands 119 Lithuania 3 Data source: Eurostat, Farm structure survey, 2013. Map 1 – Sheep flock density in the EU Data source: Eurostat, Farm structure survey, 2013. EPRS The sheep and goat sector in the EU Members' Research Service Page 3 of 8 The highest number of goats is found in Greece and Spain, with 31 % and 20 % of the EU total, respectively. Greek regions are amongst those with the highest density of goat herds in the EU, together with the Canary Islands, Cyprus and Madeira (Portugal), and to a lesser extent Malta, areas of the Netherlands, Portugal, France, Romania and the southern regions of Spain and Italy (see Map 2). Thus, sheep and goat rearing occurs mostly in disadvantaged ***agricultural*** areas, where grazing animals on pastureland is often the only way to add economic value and avoid the abandonment of areas where other types of ***agricultural*** activity would be impracticable. It is a regular practice to let animals graze on common land, especially in certain areas. There are about 45 million such animals,3 mostly located in Greece, Spain, Romania and the UK. The UK and Spain have the largest sheep flock, with 34 % and 17 % of the EU total, respectively. Sheep and goat production in volume and value Meat is the main product of the sheep and goat sector, but other products are also of economic importance, above all in areas where milk, cheese, wool or skin products made by traditional methods bring in significant revenue. Some of these products have quality labels that increase their economic potential. One such label is the Protected designation of origin (PDO), which has been assigned to the Italian sheep's milk cheese, Pecorino, the Greek sheep/goat's milk cheese, Feta, and the UK native Shetland wool, to name a few. Meat In 2016, sheep and goat meat production amounted to almost 755 000 tonnes4 and had a production value of about €5 300 million.5 As such, it represented less than 2 % of total EU meat production (45 million tonnes, including bovine, pig, sheep, goat and poultry meat), and less than 6 % of its value (€96 billion). However small, this production plays an important role in some Member States, such as the UK and Ireland, where sheep meat accounts for respectively almost 8 % and 6 % of the total meat ***produced***, and Greece, where the value of sheep and goat meat production represents almost half of the total livestock production value. A European Commission dashboard shows that, because the EU is not self-sufficient in terms of sheep and goat products, it is one of the main importers (together with China and the USA), with New Zealand and Australia the source of almost all the EU's imports. On the other hand, the Commission's Short-term ***agricultural*** outlook of February 2017 shows that, although still marginal, EU exports are Map 2 – Goat herd density in the EU Data source: Eurostat, Farm structure survey, 2013. EPRS The sheep and goat sector in the EU Members' Research Service Page 4 of 8 increasing, with the export of live animals directed mostly to North Africa and the Middle East (almost 95 % of the total, the main importers being Libya and Jordan) and meat exports to Switzerland and Hong Kong. Of the total sheep and goat meat ***produced*** in 2016, sheep meat accounted for 94 % (of which, 82 % lamb and 18 % mutton) and goat meat for 6 %. The UK and Spain are the main ***producers***, both in terms of tonnes (as shown in Figure 1) and production value (34 % and 18 %, respectively). Meat production levels have been relatively stable in recent years. The most severe drop, resulting from the decoupling of EU subsidies from production and the outbreak of Bluetongue disease in the preceding years, was registered in the years following 2008. Overall, EU sheep and goat meat production decreased by 34 % from 2005 to 2015, when the main ***producing*** countries registered a decrease ranging from 20 % to 40 %, with a smaller decrease of 9 % registered in the UK after the recovery from the foot-and-mouth disease outbreak of 2001. Finally, Eurostat data show that the price index of sheep and goats remained rather stable, with a 1.1 % decrease over the 2010–2015 period, while the selling prices of animal products per 100 kg of live weight varied from €688 in France to €25 in Portugal for sheep, and from more than €170 in Slovakia and Greece to €59 in Portugal for goats, in 2015. Milk and cheese In 2015, the quantity of milk ***produced*** in EU farms was approximately 168 million tonnes, of which 97 % was cow's milk and only 3 % was milk from animals other than cows (ewes, goats and buffalo), as shown in Figure 2. The bulk of the milk ***produced*** was delivered to dairies (71 % as regards sheep's and goat's milk) and the remainder was used on the farm to process, consume, use as feed or sell directly to consumers. Almost all of the sheep's and goat's milk (92 %) was ***produced*** in only five countries: Greece (24 %), Spain (23 %), France (19 %), Romania (14 %) and Italy (12 %).6 Almost all of the milk ***produced*** is used for cheese-making, whether on the farm or in industrial dairies. In 2015, EU cheese production from ewe's, goat's or mixed milk totalled about 850 000 tonnes (9 % of total cheese production). It was concentrated in a few Figure 1 – Main ***producers*** of sheep and goat meat in the EU (in tonnes) Data source: Eurostat, Animal production statistics, 2015. 39% 17% 12% 10% 8% 4% 10% United Kingdom Spain France Greece Ireland Italy Others (less than 3% each) Figure 2 – Production and use of milk in the EU (in million tonnes) Data source: Eurostat, Animal production statistics, 2015. Milk ***produced*** on farm •Cow's milk 162.8 •Ewe's milk 2.8 •Goat's milk 2.2 Milk delivered to dairies •Cow's milk 151.6 •Ewe's milk 1.9 •Goat's milk 1.5 EPRS The sheep and goat sector in the EU Members' Research Service Page 5 of 8 countries: Spain, Italy and France ***produced*** 93 % of total EU production of cheese from ewe's pure milk, France alone ***produced*** half of total EU production of cheese from pure goat's milk, and Greece and Spain ***produced*** 77 % of total EU production of cheese from mixed milk. Wool The value of raw wool production reached €159 million in 2015.7 This value was mostly concentrated in Romania and the UK, with more than €40 million each, and to a lesser extent in Spain and Italy, with €14 and 10 million, respectively, and in Ireland and Portugal, with €8 million each. It is only in Romania and Slovenia that raw wool production yields more than 1 % of the total national value of animal products (2.2 % and 1.7 %, respectively), while the EU average stands at 0.2 %. Number of persons employed in sheep- and goat-rearing and their income Farms specialised in sheepand goat-rearing8 employ 1.5 million people on a regular basis,9 which corresponds to 7 % of the 22 million people working regularly on EU farms. If working time is also considered, this share rises to 8 % of the total full-time equivalent jobs in farming, meaning that there is slightly less part-time work in these farms compared to others. Farm Accountancy Data Network figures reveal a lower average ***agricultural*** income in EU farms specialised in sheep- and goat-rearing compared to the average income for all EU farms (the average values for 2013–2015 were €12 500 and €18 000 per annual labour unit, respectively), except for Spain, Greece, Malta, Romania and Slovenia (see Figure 3).10 The EU policy framework Single common market organisation The sheep and goat meat market is covered by Regulation (EU) No 1308/2013 (the CMO Regulation). Its single common market organisation (CMO) provisions regulate EU ***agricultural*** markets, and provide policy tools to help improve their functioning. Internal market An EU voluntary system for carcass classification and weekly Member State-price notifications to the Commission, together with statistics and expert working groups, constitute the market monitoring tools that help to apply ***intervention*** arrangements serving as a safety net in case of difficult situations. Examples of such arrangements are the aid extended to private operators for product storage (Articles 17-18), and the partfinancing of exceptional support measures concerning animal diseases (Article 220). Figure 3 – Average farm income per annual labour unit in selected EU countries (average for the 2013-2015 period, in euros) Data source: Farm Accountancy Data Network, 2013-2015 (2015 data provisional). - 10 000 20 000 30 000 40 000 50 000 Netherlands Germany UK Italy France Ireland Spain Czech Republic Hungary Austria Estonia Slovakia Greece Portugal Cyprus Bulgaria Malta Poland Romania Croatia Slovenia All farms Specialist sheep and goat All farms EU average = 18 000 Specialist sheep and goat EU average = 12 500 EPRS The sheep and goat sector in the EU Members' Research Service Page 6 of 8 International trade The CMO Regulation also covers issues related to international trade and competition rules, and introduces trade mechanisms such as licences and tariff quotas. More specifically, for imports of sheep and goat products, Commission Regulation (EU) No 1354/2011 provides a system of annual quotas with specific country allocations. Direct payments – voluntary coupled support Direct payments are a form of income support granted to EU farmers on a per-hectare basis, independently of the production of a specific product. Besides this basic support scheme, Member States may grant voluntary coupled support linked to production in the sheep and goat meat sector that may be undergoing difficulties, under the conditions laid down in Article 52 of Regulation (EU) No 1307/2013. All Member States except Denmark, Germany, Ireland, Luxembourg, Sweden and Slovenia have opted for this voluntary scheme, with an annual amount of about €485 million available at EU level, or approximately €12 per animal on average. Rural development measures Cooperation and innovative technology measures, as well as agro-environmental payments, are amongst the rural development instruments introduced by Regulation (EU) No 1305/2013 on support for rural development, which can assist the sheep and goat sector by creating synergies between its ***agricultural*** and rural dimensions. Risk management tools To help farmers confront price volatility (that is, substantial and unpredictable changes in product prices, which create uncertainty about incomes, thereby posing financial risks for ***producers***), Articles 36–39 of Regulation (EU) No 1305/2013 introduce specific measures that EU Member States can activate via their rural development ***programmes*** to make financial contributions to insurance premiums and to mutual funds, or providing support to farmers who have suffered a severe drop in their income through an income stabilisation tool, in the form of financial contributions to mutual funds. The risk management instruments might develop further as they are high on the agenda of the debate on the future of the CAP. Promotion of EU farm products Sheep and goat products are amongst the ***agricultural*** products eligible for promotion initiatives in the EU and third countries in the context of the promotion policy laid down in Regulation (EU) No 1144/2014. The Commission defines the ***strategic*** priorities and available budget for promotion initiatives in an annual work ***programme*** and publishes calls for proposals for its implementation. The overall co-financing budget for 2016 was €111 million, with the sheep and goat sector covered by several promotion campaigns; the 2017 budget amounts to €133 million, with ***plans*** for this figure to increase in the coming years. Animal traceability and health Sheep and goats are subject to the identification and registration system established by Council Regulation (EC) No 21/2004 and based on the principle of individual traceability through electronic or visible identifiers (such as ear-tags) and registers. Traceability serves to localise animals for the purpose of controlling infectious diseases, but it also allows keeping track of livestock production and supervision of livestock premiums. As regards transmissible animal diseases, the Animal health law adopted by the European Parliament and the Council of the EU in 2016 introduces a regulatory framework that substitutes a number of existing legal acts and focuses on disease prevention. EPRS The sheep and goat sector in the EU Members' Research Service Page 7 of 8 Challenges and prospects Intrinsic weaknesses The EU sheep and goat sector is very diverse in terms of flock sizes, breeds and scale of production. Low average incomes – which limit investments in the sector and are not attractive to potential younger entrants – as well as the remoteness of the areas where production takes place, present challenges to the sector. Research findings on sheep and goat farming in Greece highlight a host of issues, such as low levels of modernisation; infrastructure weaknesses; lack of information, training, or a commercialisation strategy; and ageing farmers with no one to pass their knowledge on to. Animal diseases as well as structural and policy changes have accelerated the decline in the sheep and goat population in recent years, while EU consumption of sheep and goat meat remains at levels that do not support the growth of the sector. Any increase in the domestic supply would have to cope with international competition from imports ***produced*** at lower cost. Medium-term developments Sheep meat is mainly ***produced*** and consumed in developing countries, which are also expected to support the increase by more than 20 % in both world production and consumption of sheep meat over the coming decade, according to figures from the OECDFAO ***Agricultural*** outlook. The Commission's latest Medium-term ***agricultural*** outlook shows a stable or very marginal increase in EU production and consumption, with possible scope for increased demand from the immigrant population in the EU or as a result of specific promotion ***programmes***. Local market opportunities can emerge from rural tourism, such as direct sales of cheeses (from the milk of small ruminants) that are cherished as high-quality traditional products. Positive prospects can also arise from the sector's capacity to deliver public goods: as small ruminants are mainly reared with extensive methods on pastureland in disadvantaged ***agricultural*** areas, they play a key role in landscapes and biodiversity conservation, for instance, by removing dry vegetable material and thereby lowering the risk of fires, and by combating land abandonment. European Parliament Following a study commissioned by its Committee on ***Agriculture*** and Rural Development (AGRI), the Parliament voted on a resolution on the future of the sheep/lamb and goat sector in Europe on 19 June 2008. This initiative came in response to the Bluetongue outbreak, which had led to serious social and economic consequences. It advocated the maintenance of traditional, eco-friendly sheep and goat farming enterprises and called on the Commission and the Member States to ensure a profitable and sustainable future for the sheep and goat sector by encouraging the consumption of its products, attracting young farmers and reviewing policy instruments to provide needed sectoral support. A new own-initiative report is expected to be voted upon in the AGRI committee at the beginning of 2018 (rapporteur: Esther Herranz García, EPP, Spain). Stakeholders The ***strategic*** agenda of the Civil Dialogue Group on Animal Products, a consultative body ensuring stakeholder connections with the Commission, stresses the importance of the CAP –in both its first and second pillars – for the sheep and goat sector, considering its low profitability and the fact that production takes place predominantly in less favoured areas. In 2015 and 2016, the EU sheep meat forum convened at the initiative of Phil Hogan, Commissioner for ***Agriculture*** and Rural Development, to explore current and future challenges of the EU sheep meat sector, and to bring together representatives of Member States with significant production, as well as ***producers***, processors and traders. EPRS The sheep and goat sector in the EU Members' Research Service Page 8 of 8 In October 2016, the forum adopted a set of policy recommendations, addressing key questions on policy, economics and animal welfare that likewise concern the goat sector too. Priority recommendations included strong CAP support for the sector (through coupled direct payments and targeted rural development measures, such as a new environmental payment), and a communication and promotion ***programme*** to better position the sector with respect to EU consumers' choices. Main references The EU sheep meat forum documents, November 2015 – October 2016. The future of the sheep and goat sector in Europe, Ernst & Young France, Institut de l'Elevage, National experts, March 2008. Endnotes 1 Data on sheep and goat numbers and their trends, extracted and processed from the Eurostat Livestock survey in April 2017. The data cover EU Member States with at least 500 000 sheep or goats. 2 Data on farms and animals, extracted and processed from the Eurostat Farm structure survey in April 2017. 3 Data on common land grazing, extracted from the Eurostat Survey on ***agricultural*** production methods in April 2017. 4 Data on meat production, extracted and processed from the Eurostat Animal production statistics in April 2017. 5 Data on livestock production value, extracted from the Eurostat Economic accounts for ***agriculture*** in June 2017. 6 Data on milk and cheese production were extracted and processed from the Eurostat Animal production statistics in May 2017. For milk derivatives, different entities intervene in the processing, from ***agricultural*** holdings to enterprises processing food and beverages for final consumption or for intermediate products for other manufacturing activities; therefore, statistics may underreport the real output in some cases or exclude part of it in other cases. 7 Data on raw wool, extracted and processed from the Eurostat Economic accounts for ***agriculture*** in April 2017. 8 According to the EU typology of ***agricultural*** holdings set out in Annex IV to Commission Implementing Regulation (EU) 2015/220, a farm is considered a specialist in sheep, goats and other grazing livestock, if: (1) the standard output obtainable from grazing livestock and forage for grazing livestock is more than 2/3 of the farm's total standard output, and (2) the standard output obtainable from grazing livestock other than cattle represents more than 2/3 of the grazing livestock's total standard output. The standard output of an ***agricultural*** product (a hectare of crop or a head of livestock) is the average monetary value of the output potentially obtainable from that product at farm-gate price. 9 Data on farm labour, extracted and processed from the Eurostat Farm structure survey in April 2017. Considering that small ruminant farms are often associated with other types of production on the same holding, data include people involved in farming activities other than rearing sheep and goats but exclude people who rear sheep and goats in farms with other specialisations. 10 Data on farm income per labour unit, extracted from the European Commission Farm Accountancy Data Network database in June 2017; results for countries with less than 15 sample farms classified as specialist in sheep and goat rearing are not shown, being considered not representative. The concept of farm income per labour unit is based on the notion of farm net value added (the remuneration to the fixed factors of production) per ***agricultural*** work unit. Disclaimer and Copyright The content of this document is the sole responsibility of the author and any opinions expressed therein do not necessarily represent the official position of the European Parliament. It is addressed to the Members and staff of the EP for their parliamentary work. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2017. Photo credits: © fmr / Fotolia. [*eprs@ep.europa.eu*](mailto:eprs@ep.europa.eu) [*http://www.eprs.ep.parl.union.eu*](http://www.eprs.ep.parl.union.eu) (intranet)   [*http://www.europarl.europa.eu/thinktank*](http://www.europarl.europa.eu/thinktank) (internet)   [*http://epthinktank.eu*](http://epthinktank.eu) (blog)

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[***Velocys PLC AGM Statement***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NVK-XX31-F0CC-S135-00000-00&context=1516831)

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Velocys PLC

22 June 2017

News release

Velocys plc

("Velocys" or "the Company")

22 June 2017

Annual general meeting (AGM) statement

Velocys plc (VLS.L), the company at the forefront of smaller scale gas-to-liquids (GTL), is hosting its AGM today at 10.45am. At the AGM, David Pummell, CEO will make the following comments:

"2016 was a busy year of change for Velocys. We invested significant effort into the commissioning and start-up of ENVIA Oklahoma, we identified our new growth strategy and have made considerable progress with its implementation. Internally we have driven greater simplicity and focus on what we do and we believe we have created the required platform to deliver future shareholder value.

"Fischer-Tropsch (FT) product is being ***produced*** at ENVIA and we are pleased that the operational data from the FT units meet the set performance requirements at commercial scale. We are expecting production of first saleable product shortly and ENVIA will continue to ramp up production to full capacity over the coming months.

"Our new strategy is for Velocys to be at the heart of building plants that convert woody biomass to high specification renewable diesel and jet fuel for the US market, our primary focus market. We have a world class, proven technology and highly skilled operations and engineering teams that, with our partners, will successfully design, build, commission and start up these commercial plants. Our route to the production of renewable fuels from woody biomass uses cost effective, abundant and entirely sustainable feedstock, allowing our solution to be highly scalable to meet the increased demand for renewable fuels. All of this contributes to our differentiated value proposition to the market.

"We believe our business model will enable Velocys, with its ***strategic*** partners, to build a supply leadership position in this market over the next 10 years, by delivering economically differentiated, financed, operations ready plants, and do it reliably again and again.

"The US renewable fuels market is a high value market with substantial potential for volume growth, now, and for many years to come. The estimated consumption of renewable diesel in California in 2016 was around 300 million gallons. By 2030 around 1 billion gallons of the total diesel supply would need to come from renewable diesel to meet State obligations. Increasing pressure from public opinion and legislation to curb greenhouse gas emissions and reduce pollution drives this market. This has led to long term structural incentives for renewable fuels in the form of fuel credits at both federal and state level, greatly enhancing the revenues from a Velocys plant. Successful delivery of the Velocys strategy will result in the construction of multiple plants, to meet this fundamental need to replace fossil fuels.

"There is strong momentum within the business. On the engineering front we have engaged IHI E&C to carry out the pre-FEED engineering study for our first biomass-to-liquids (BTL) plant and this remains on track. We have selected TRI as our ***strategic*** partner for gasification technology and we are now in the process of selecting other licensed technologies. We recently announced that the US Department of ***Agriculture*** (USDA) has invited Velocys to participate in Phase 2 of its loan guarantee ***programme*** for up to $200 million of debt for our first BTL plant. Securing this commitment would financially de-risk plant 1 and create an attractive platform to secure the required additional equity from investors. A key requirement for the USDA qualification is the successful completion of a joint demonstration of our FT technology combined with TRI's gasification technology; our FT system is now on site at TRI's facility in North Carolina where the demonstration will take place. We have engaged the global leading project finance bank, Sumitomo Mitsui Banking Corporation (SMBC) as the lender of record and financial advisor. SMBC will lead the syndication of the debt funding portion in 2018. All these carefully ***planned*** initiatives have the aim of securing project equity funding and reaching final investment decision during the course of 2018.

"The Company is transforming - moving away from being 'a FT technology company' to being Velocys, 'the renewable fuels company'. The time is now right for Velocys to take forward a bold growth strategy and I am confident that we are the right company, with the right technology, at the right time to enter this attractive market and deliver sustainable growth. In five years' time I want Velocys to be known as the company that delivers renewable fuels plants to its customers, cost effectively and at low risk. Much work still needs to be done to successfully deliver our strategy but we continue to work towards our goal with confidence and in a focused and professional way."

- Ends -

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Notes to editors

About Velocys

Velocys is the company at the forefront of smaller scale gas-to-liquids (GTL), providing the bridge connecting stranded and low value feedstocks such as natural gas, landfill gas or biomass with markets for premium products such as renewable diesel, jet fuel and waxes.

With its partners, Velocys aims to deliver the most economically compelling conversion solution; a fully integrated offer that can be deployed at scale into the growing, attractive markets on which it focuses. Velocys technology, protected by several hundred patents in over 30 countries, is specifically designed for smaller scales, combining super-active catalysts with intensified reactor systems. Standardised modular plants can be deployed readily in a wide range of locations, and Velocys' capabilities and extensive experience deliver a proven route to operation.

Velocys plc is admitted to trading on the AIM market of the London Stock Exchange (LSE: VLS). The Company has a strong, multi-disciplinary staff operating from its commercial centre in Houston, Texas, USA and technical facilities near Oxford, UK and Columbus, Ohio, USA. First product has been ***produced*** at its commercial reference plant, which is located adjacent to Waste Management's East Oak landfill site in Oklahoma City.

[*www.velocys.com*](http://www.velocys.com)

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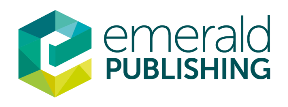


[***Fair trade and consumer social responsibility***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5V6X-0HW1-JB00-3066-00000-00&context=1516831)

Management Decision

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**ABSTRACT**

Purpose

The purpose of this paper is to examine the historical position of the ethical consumer as a driver of change within the Fair Trade movement. Fair Trade was originally envisaged as a model of South-North trade; however, with Fair Trade labels now available to consumers in India, Brazil, South Africa and Kenya, the geographies of production and consumption appear increasingly fluid and dynamic.

Design/methodology/approach

Using a historical comparative case study approach this paper draws on the records and archives from eight leading Fair Trade organisations based in the UK.

Findings

The paper develops an exploratory framework based on an assessment of Fair Trade’s theory(ies) of change and the role of the ethical consumer as an agent of change. Four consumer narratives are identified: simpler living and moral action; co-operation and solidarity; consumer demand and choice; and citizen-consumers. The paper concludes by considering the implications for globalising the concept of the “citizen-consumer” and the (re)politicisation of Fair Trade consumption.

Research limitations/implications

Primary data collection was mainly based on UK organisations. Additional comparative studies could develop an understanding of the context and geographies of Fair Trade practices.

Practical implications

New and emerging Fair Trade markets may offer valuable areas of further study.

Social implications

Increased understanding of the drivers of social change may lead to improved decision-making by Fair Trade organisations and policy-makers.

Originality/value

The paper contributes to the development and understanding of Fair Trade’s theory of change model by offering an historical dimension that is absent from the majority of existing studies.

**Introduction**

In recent years, Fair Trade has enjoyed considerable success as demonstrated by strong retail sales, consumer recognition, and public support (at both a policy and community level)[[72]](#footnote-73)1. But as Fair Trade looks to “tip the balance” and move further into mainstream markets, its alternative trading model and theory of change have received increased critical attention, both from academics and practitioners. This paper examines the consumer narrative employed in Fair Trade’s theory of change and argues that the complex and dynamic nature of ethical consumption has largely been overlooked by Fair Trade organisations. In the academic literature, consumer studies have tried to explain trends in ethical consumer behaviour and practices, as well as the apparent failure to “walk their talk” (Carrington et al., 2016). While there has been progress on understanding some aspects of individual consumer behaviour, there is a need for greater attention on the political and collective dimensions of Fair Trade consumption (Andorfer and Liebe, 2012; Raynolds and Bennett, 2015).

Trade often fails to deliver sustainable livelihoods and development opportunities to small-scale ***producers*** and workers in the Global South. Fair Trade was established to contribute to civil society efforts to correct this failure. Fairtrade International’s objective is “a world in which all small ***producers*** and workers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future” (Fairtrade International, 2015, p. 6). The founders of the Fair Trade movement articulated a bold vision for a new approach to trade and economic development. For Francisco Van der Hoff Boersma, co-founder of the Max Havelaar certification label, Fair Trade represented “one of the means to surpass the contradictions of capitalism. It acts on capitalism as a kind of catalyst or regulator” (Van der Hoff Boersma, 2014, p. xvii). However, in consumer markets retail sales soon became the most tangible measure of impact, and in turn this reinforced the idea of Fair Trade as “a market-led commercial success story” (Nicholls and Opal, 2005).

**Research background and theoretical framework**

There has been a growing scholarly interest in the role of consumers in activating corporate social responsibility (CSR) (Bhattacharya and Sen, 2004; Vogel, 2005; Caruana and Crane, 2008). This has led to the emergence of the term consumer social responsibility (CnSR) as a way of conceptualising how consumer utility has been extended beyond price, convenience, reliability and availability – to include social issues of justice, fairness, rights, virtue and sustainability. Caruana and Chatzidakis (2014) define CnSR as “the application of instrumental, relational, and moral logics by individual, group, corporate and institutional agents seeking to influence a broad range of consumer-oriented responsibilities” (p. 578). Schlaile et al. (2016) (re-)conceptualise CnSR in terms of a combination of two central elements: social action and the ethic of responsibility; and the notion of shared social responsibility. Reviewing a range of consumer studies that investigate cause-related marketing, carbon labelling, “green” advertising and Fair Trade, Vitell (2015) highlights the centrality of consumer responsibility to the success of corporate social and environmental ***programmes***; he argues that “CSR can often be difficult, and perhaps even unprofitable, without CnSR” (p. 772).

The binary opposition of consumer/citizenship has been challenged in recent years by sociologists who have shown that cultural norms and values shape market behaviours (Zelizer, 2010; Cabrera and Williams, 2014). However, “Citizen” and “Consumer” remain difficult terms to define and exist in a complex relationship (Gjerris et al., 2016). Kallhoff (2016) argues that duties and rights receive a distinct shape when debated in terms of consumer citizenship. From a philosophical and moral theory perspective, this qualified notion of citizenship recognises that “as citizens, consumers are not free to choose as wish” (Kallhoff, 2016, p. 24). Historically consumer citizenship has been associated with entitlement and choice of affluent societies, however recent studies have shown the ability of consumer activists in the Global South to redefine consumer rights and responsibilities (Hilton, 2009). In Malaysia, Anwar Fazal one of the founders of the Consumers’ Association of Penang, rose to prominence as regional director from 1974 and then president of Consumers International from 1978 to 1984[[73]](#footnote-74)2. Fazal (2011) proposed a five-point characterisation of consumer responsibility: “to be critical; to act; to care for fellow human beings; to live in peace with the environment; and to join hands and create the solidarity, the spirit, the strength of many voices acting together”. For a short period the Penang office, led by Fazal, became the epicentre of the world’s consumer movement and encouraged a reorientation of consumer politics towards the needs of the poor rather than the desires of the affluent (Hilton, 2008).

Scholars of Fair Trade have identified key conceptual dimensions and challenges to consumer citizenship, such as notions of caring at a distance (Barnett et al., 2005) an apparent attitude-behaviour gap (Shaw et al., 2016; Caruana et al., 2016) and distinctions between ethical and political consumption (Clarke, 2008; Barnett et al., 2017). More broadly scholars have also questioned assumptions about homogeneity of purpose in ethical consumption and offered a reminder that, “we should not be surprised that consumption practices and political activity, consumerism and citizenship, frequently do coexist as well as clash” (Newholm et al., 2015, p. 302). Fair Trade is now competing in an increasingly complex and divergent market of social and environmental certification schemes (Jaffee and Howard, 2016; White and Samuel, 2016). This presents new challenges for the social movement and raises questions about how Fair Trade certification maintains consumer support (Chatzidakis et al., 2016), builds networks with like-minded social enterprises (Cater et al., 2016) and engages with corporate retailers (Nicholls and Huybrechts, 2016). These discussions have also prompted wider academic consideration about the ethics of Fair Trade (Staricco, 2016) and why it matters (Miller, 2017).

Recent studies of ethical consumption and Fair Trade have applied a range of perspectives and theoretical frameworks to this field of research including: sustainability and social change (Hudson et al., 2013), consumer activism (Gabriel and Lang, 2015) and value chain analysis (Doherty et al., 2013). Scholars have also considered the conceptualisation of consumption ethics through a longer historical lens and raised the debate between those that see evidence of decades of social concern and those who see centuries (Newholm et al., 2015). For instance, studies of the late eighteenth and early nineteenth century consumer boycott against slaved ***produced*** sugar have offered a useful reference point for discussions of a modern ethics of consumption (Hochschild, 2006; Midgley, 2007; Trentmann, 2008). What is absent from the extant literature is an evaluation of a consumer narrative that engages with the question of how Fair Trade change happens? While acknowledging that consumption ethics is not solely a recent phenomenon, this paper considers the emergence of a recognisable contemporary social movement of Fair Trade activism during the late twentieth and early twenty-first century.

This research adds to existing knowledge by moving from a focus on individual consumer practices to a broader investigation of the concept and narrative of ethical consumerism as it was formulated by Fair Trade organisations in setting out the vision, purpose and principles of Fair Trade. This study has been guided by the following research questions: RQ1. How has the Fair Trade movement defined ethical consumption in relation to its theory(ies) of change?RQ2. Which ethics and whose ethics are used to frame the politics of Fair Trade consumption?RQ3. What happens when Fair Trade campaigns begin to engage with consumers in emerging markets?

**Theory of change**

This paper presents an exploratory framework based on an investigation of Fair Trade’s theory(ies) of change and the role of the consumer as an agent of change. A Theory of Change describes the transformation or development that an organisation wishes to see in the world and its understanding of how it will contribute to that change. Duncan Green, Senior ***Strategic*** Adviser at Oxfam GB, describes how, “theories of change locate a ***programme***, project, or campaign within a wider analysis of how change comes about. They articulate and challenge our assumptions and acknowledge the influence of wider systems and actors” (Green, 2016, p. 236). In this context, the focus is on the drivers of societal change, rather than organisational change management. For Fairtrade product labelling, as certified by Fairtrade International, the Theory of Change captures what Fairtrade does as a system and relates this to desired immediate, mid-term and long-term changes. It provides a framework for identifying appropriate indicators for measuring the results of Fairtrade and progress towards Fairtrade’s goals (Fairtrade International, 2015).

Consumer behaviour and practices are identified at each stage of Fairtrade International’s current Theory of Change model and defined in terms of ***interventions***, outputs and outcomes aimed at achieving the objective of “making trade fair” (see Figure 2). The role of this new Theory of Change document (Fairtrade International, 2015) is to articulate to key stakeholders how consumers’ purchasing power can be combined with an involvement in political grassroots campaigning in order to demonstrate the wider public concern about unfair trade practices. The anticipated outcomes of these actions are that more consumers will actively choose products verified as “fairly traded”, and that policy-makers will respond in support of the Fair Trade movement’s global agenda for change in the way trade is structured.

Fairtrade International’s Theory of Change is based on an underlying assumption that, “the fundamental vision, purpose and principles of Fairtrade remain constant, as does the basic approach” (Fairtrade International, 2015). Therefore, the Theory of Change focusses on aspects of Fairtrade which are assumed to remain relatively stable, for instance: support for democratic organisations of small ***producers*** and workers, use of voluntary standards and third party certification. This may fit when applied solely to Fairtrade International, and based on a relatively short timeframe, but this assumption needs to be tested when applied to the experiences of the wider Fair Trade movement and a longer historical assessment of Fair Trade principles and approach.

**Methods**

Using a historical comparative case study approach, this paper draws on the records and archives from eight leading UK-based Fair Trade organisations[[74]](#footnote-75)3. Organisations were included in the study based on their stakeholder connections to the Fairtrade Foundation, the labelling initiative in the UK (see Table I). Five organisations were members, and founding members, of the Fairtrade Foundation: Oxfam, Christian Aid, CAFOD, Tearfund[[75]](#footnote-76)4 and New Consumer. Two additional organisations (Twin Trading[[76]](#footnote-77)5 and Ethical Consumer) were included in the study due to their significant role in establishing pioneering Fair Trade companies and promoting the concept of ethical consumption in the UK. Working with more than one archive enabled a greater degree of source triangulation and also helped to identify organisational bias and potential “silences in the archives” (Decker, 2013). The main focus of this paper is the fifty-year period spanning from the second half of the twentieth century to the beginning of the twenty-first century. The research utilises primary archive material and documentary analysis of key published strategy documents from 1965 to 2015.

For each organisation included in the study a search was conducted of files related to trading activities, commercial operations, international trade, overseas development, political lobbying and consumer campaigns. The research method involved documentary analysis of executive committee papers, correspondence, committee minutes, press cuttings and campaign literature. All relevant files were digitally photographed and indexed for subsequent coding, analysis and verification (Adorisio and Mutch, 2013). The focus was on comparative discourse analysis of the consumer framing and narratives used in the internal and external communications of Fair Trade organisations. Access to recent records was provided by individual organisations and supported by institutional archives held by university library special collections. The following archives were accessed: Oxfam (records held at the Bodleian Library, University of Oxford); Christian Aid (records held by SOAS, University of London); CAFOD (records held at CAFOD head office in London); Traidcraft (records held at Traidcraft office in Gateshead); New Consumer (private collection accessed by author); Ethical Consumer Research Association (ECRA) (records held at ECRA office in Manchester), Twin Trading (records held at Twin Trading office in London and London Metropolitan Archives); the Fairtrade Foundation (records held at Fairtrade Foundation head office in London)[[77]](#footnote-78)6.

The main objective of this research is to develop theory and conceptual understanding of Fair Trade based on empirical inquiry of case studies of key stakeholders (Yin, 2013). A case study approach is recognised as a valuable tool in theory building (Patton and Appelbaum, 2003; Eisenhardt and Graebner, 2007). Theory building in this context is an iterative process based on understanding “the fit between theoretical ideas and their complex implications, on the one hand, and the best empirical evidence, on the other” (Mahoney and Rueschemeyer, 2003, p. 318). An historical approach allows for multiple stakeholder analysis of key narratives and an evaluation of how these may evolve over time (Lawrence, 1984; Clark and Rowlinson, 2004; Mills et al., 2016). This research methodology combines internal comparative questions with process tracing that highlights the temporal unfolding of institutional choices and policies (George and Bennett, 2005). The aim is to better understand processes of knowledge formation and contestation that shape practices within specific institutional contexts, and to trace how Fair Trade stakeholders have developed their role in relation to the market and wider social networks (Hutchens, 2009).

**Research findings and discussion**

The paper develops a conceptual framework based on an assessment of Fair Trade’s theory(ies) of change and the evolution of the role of the ethical consumer as an agent of change from the 1960s to the present. Four consumer narratives are identified based on an analysis of Fair Trade consumer messaging and the underlying vision, purpose and principles articulated in key policy and strategy documents during this period. The aim of this framework is to investigate how Fair Trade’s theory(ies) of change have responded to the wider socio-economic environment and how these developments have informed the conceptualisation of the ethical consumer. The conceptual framework presents a dynamic model of Fair Trade’s vision, purpose and principles that highlights significant shifts in ideas and practices, and maps how these changes informed Fair Trade ***interventions*** and outputs. Within this framework key tipping points or critical junctures can be identified (Acemoglu and Robinson, 2012). These shifts were in part a response to external factors such as changes to trade policy, charity law and aid budgets, but also internal changes to Fair Trade ownership models, certification and governance of the movement. It should also be noted that alternative narratives existed and reflected a dynamic process of conflict and challenge (Mouffe, 2013). The final section of the paper concludes by considering the application of the “citizen-consumer” narrative in emerging markets and the potential for the (re)politicisation of the Fair Trade consumption.

Figure 1 presents the four main consumer narratives promoted by Fair Trade networks in their consumer messaging and related calls to action: simpler living and moral action (1960s – mid 1970s); co-operation and solidarity (mid 1970s – late 1980s); consumer demand and choice (late 1980s – early 2000s); citizen-consumers (early 2000s onwards). The following sections of the paper explore each of these four narratives and draws on multiple case study analysis to illustrate the broader trends in policy and practice as pursued by Fair Trade organisations at the time. The objective of this study is to better understand the underlying motivations of Fair Trade organisations, with the goal of building theory that addresses questions of “how” and “why” (Eisenhardt, 1989). The model presented is exploratory and should enable further research by scholars to empirically test these findings in different contexts and settings.

**Simpler living and moral action**

In recent years, Fair Trade campaigns have attempted to move beyond the boundaries traditionally associated with “charity”. Bruce Crowther, Fairtrade Towns Co-ordinator at the Fairtrade Foundation, has argued that, “people see it as charity, but it is not, it is justice. We have to get rid of the charity way of thinking” (Nicholls and Opal, 2005). This tension over the “charitable aims” of Fair Trade has a longer history that can be traced back to the early involvement of international development NGOs (in particular Oxfam) and Christian agencies (including Christian Aid, CAFOD and Tearfund) that shaped the emergence of Fair Trade practices in the 1960s and 1970s. During this early period of Fair Trade activities there was only a limited attempt to restructure the supply chains that linked the consumer in the UK and the ***producer*** in the “Third World”. This meant that appeals to the consumer were mainly considered symbolic gestures - a signal of moral intent, whereas change would happen through support for aid and development projects.

From the mid-1960s, Oxfam’s Helping by Selling (HbS) initiative imported products from the “Third World” to be sold in Oxfam’s shops – the income would then be directed towards Oxfam’s international relief and development work. HbS favoured what it described as “appropriate ‘labour-intensive’ rather than ‘capital intensive’ industries” (Oxfam, 1970). But beyond the immediate benefits of providing employment, there was only limited consideration of the wider impacts of the business. In 1970 Guy Stringer, the newly appointed Commercial Director, noted his concern that “it is necessary to persuade our organisers and supporters to be less worried about the profit from this operation and to see it much more clearly as a form of aid” (Stringer, 1970). Shoppers were encouraged to buy Fair Trade handcrafts as a demonstration of their wider support for the charity and as a financial contribution towards Oxfam’s aid and development ***programmes***. In this way, Fair Trade consumption was primarily viewed as a form of charitable giving.

The early discourse about sustainable consumption in the 1970s was often framed in terms of “simpler living” – a concept that owed much to the Christian teachings of frugality and simplicity (Newholm and Shaw, 2017). While newly formed campaign groups, such as Friends of the Earth, advocated simpler living on environmental grounds; for Christians, it represented a moral challenge to the “false ideologies” of materialism. In the UK, the idea of simpler living was used by a coalition of Christian development agencies (including Christian Aid, CAFOD and Tearfund), to integrate a consumer campaign into a wider critique of European trade policy. In petitioning the European Community Commissioners on reforms of its trade relations with the “Third World” they called for “an international environment where the basic needs of the majority of human mankind get the highest priority” (Christian Aid, 1973). This geo-political critique was also communicated as a call for simpler living. The Christian development agencies argued that little progress would be made in reducing the gap between rich and poor, “unless the EC [European Community] are prepared to sacrifice the unrestricted advance in their living standards and increased consumption of resources” (Christian Aid, 1973).

Building on this critique of overconsumption, a Christian Aid leaflet from 1977 titled “A Look at Lifestyle from a Christian Viewpoint” asked the question, “What can simple living achieve?” In reply, two main points were made: first, that savings could be donated to Christian Aid and “would bring benefit to a few of those most in need” (Christian Aid, 1977). In addition, a simpler lifestyle was meant as “a sign of the sort of change we wish to see in the economic structures of the world – change designed to help the poorest” (Christian Aid, 1977). It was hoped that this example would contribute towards changing public opinion and Government policies on fairer trade and aid. On a personal and household level Christians were challenged to look at their own circumstances and consider the wider implications of their consumer lifestyle choices. Handbooks and leaflets ***produced*** by Christian agencies during this period sought to challenge any sense of entitlement felt by consumers living in the Global North. Changes of lifestyle and shopping habits were viewed primarily as charitable moral action and a symbolic statement of Christian concern rather than an economic response to market inequalities and trade justice.

**Co-operation and solidarity**

From the mid-1970s there were new efforts to organise trading practices so that they (re)connected consumers and ***producers*** through alternative trade models. For Fair Trade organisations this meant connecting consumers and ***producers*** through co-operative trade ventures and working to support policies that would develop closer links with “progressive” governments in the Global South. Fair Trade ***interventions*** also assumed a more “political” character and this was reflected in a consumer narrative that emphasised the importance of solidarity and co-operation. Moving beyond the ethics of individual consumers, Fair Trade organisations also experimented with ideas of collective consumption and public procurement.

In 1972, Roy Scott, a Manager at Oxfam Trading, began work on creating a new type of trading venture. Scott believed that HbS was only, “a very limited ‘fair-trade’ importing ***programme***” (Scott, 1973). He argued that HbS was too close to the trading values of commercial importers and in a drive to make profit they were ignoring the development potential of international trade. Scott believed that Oxfam’s trading operations should act as a practical demonstration of “the kind of socially ‘ideal’ trade system most supporters of the Third World believe is necessary” (Scott, 1973). Scott’s solution was to remove the middleman and form an international co-operative, “a ‘bridge’ linking worker-***producers*** of very poor countries with the ordinary shopper here in Europe” (Oxfam, 1973). Scott proposed an organisational structure that would eventually lead to Bridge being run jointly by the consumers and ***producers*** independent of Oxfam. This venture was presented as, “a brave independent movement liberating ***producers*** entirely from continuing charity support” (Scott, 1975).

Launched as a new subsidiary company of Oxfam, Bridge’s mission statement from November 1975 stated that it was, “dedicated towards providing the best possible employment, earnings, working and social environments for ***producers***; and fair prices, quality and service for customers” (Oxfam, 1975). This was not the “socially ideal” model outlined in Scott’s original ***plan***, but Bridge did represent a genuine attempt to prioritise a more equal relationship between the ***producer*** and consumer. Oxfam was now committed to an international trade ***programme*** that went beyond the considerations of commercial buyers in order to ensure that those ***producers*** making goods, imported and sold by Oxfam, would receive a “fair” return for their work.

From the early 1980s, support for Fair Trade formed part of the aid and development narrative promoted by the official aid agencies of the Churches in the UK. Although Traidcraft had historical links to Tearfund, its non-evangelical approach to Fair Trade allowed it to engage successfully with both Catholic and Anglican congregations. Following its early partnership with Christian Aid, in 1984 Traidcraft ***produced*** a mail order catalogue for CAFOD. One of the items featured in the first catalogue was Nicaraguan Coffee. Commenting on its support for Nicaragua, CAFOD stated that “new Nicaragua”, “raises fundamental questions as to the role of the Church and Christians in the construction of a different kind of society outside the capitalist or communist moulds” (CAFOD, 1985). CAFOD saw its role in Nicaragua as consistent with its wider goals of presenting Third World countries with, “a real alternative for development, independent of alignment with either of the power blocs” (CAFOD, 1985). While simpler living may have been an important precursor to sustainable and ethical consumption, it was apparent that for Fair Trade to represent perspectives of the Global South, it would need to address issues of poverty and inequality. This required a theory of change that saw fairness not only as an issue for individual morality, but one of justice and liberation (Gutierrez, 1971).

Established in 1985, Twin Trading represented a new approach to Fair Trade based on the ideals of international trade unionism and labour solidarity rather than charity or international development. Twin Trading’s Statement of Principles declared that, “Trade Unions in First and Third World countries should seek opportunities for meeting together to draw up a code of labour for manufacturing industries in order to universalise best practices, such as the ILO Code” (TWIN, 1985). With backing from the Greater London Council (GLC), there was interest in developing new markets that would utilise the resources of public procurement and were less reliant on mainstream retail channels. Oliver Le Brun, Director of Twin Trading set out an ambitious ***plan*** for Fair Trade collective consumption: “If we want to develop more direct and permanent trading links between the south and the north we have to open new opportunities for the distribution of Third World products. We have to explore the social market: the supply departments of local authorities, their purchasing associations and civic catering, universities, polytechnics, schools, social services, hospitals, trade unions, labour clubs etc.” (Le Brun, 1985, p. 7). The abolition of the GLC by Thatcher’s Conservative government put an end to these initial experiments with the social market. However, funding was secured for Twin Trading and they would later establish pioneering Fair Trade companies such as Cafédirect (Estd. 1991), Divine Chocolate (Estd. 1998) and Liberation Foods CIC (Estd. 2007).

**Consumer demand and choice**

By the late 1980s the idea of green, or ethical, consumerism was starting to gain greater mainstream recognition. Following the success of publications such as, The Green Consumer’s Supermarket Shopping Guide (Elkington and Hailes, 1989), leaders within the Fair Trade movement saw an opportunity to adapt their approach to consumer politics. The new idea was that consumer choice would drive pro-social and environmental change in business behaviour. By voting with their wallets, consumer demand for “green” and ethical products would send a clear signal to the markets that would lead to improvements in conditions for those at the end of the supply chain. Fair Trade began to be characterised as a “unique solution to the market failures in the global trading system” and as a “consumer choice movement” outside the scope of government regulation or trade policies (Nicholls and Opal, 2005).

Perhaps the most vocal proponent for “ethical consumerism”, among the Fairtrade Foundation’s membership was a small research organisation called New Consumer. Established in February 1989 by Richard Adams, New Consumer advocated a new approach to consumer politics that would begin to define the public profile of the Fairtrade Foundation. Adams believed that green, or ethical consumerism, heralded the way for a “radical rethink about consumer power” (Bridge News, 1990). The opportunity that ethical consumerism represented was illustrated by a simple comparison between consumer spending and levels of charitable giving. In 1988, the British public gave about £1.5 billion to charity and in the same year spent £280 billion on consumer goods and services. This meant that for every six pence given to charity £10 was spent on consumer goods (Adams, 1989a). At one level this was an attempt to reconnect with earlier debates about “trade not aid”, but the context and questions of agency had shifted from government trade policy to individual shopping choices. In 1991, New Consumer published its own shopping guide – Shopping for a Better World: A Quick and Easy Guide to Socially Responsible Shopping. The message was that, “the everyday shopper needn’t be a ‘problem’ but can be part of the solution” (Adams et al., 1991). Reaching this newly informed “ethical consumer” would not rely solely on alternative outlets and world shops. Adams believed that the supermarket take-up of “environmentally friendly” products could be extended without too much difficulty to “people-friendly” products. Adams argued that, “when it comes to much of mainstream business I believe that we don’t need to start a fight with people who can be won over” (Adams, 1989a).

New Consumer was not alone in its advocacy of ethical consumerism as a driver of change. By the early 1990s there was a growing enthusiasm amongst British alternative trade organisations about the possibility of harnessing the power of the “green consumer”. Oxfam Trading’s Press Officer, Caroline Lucas, citing the success of the Body Shop highlighted that, “at this time of unprecedented consumer power and awareness, alternative trading organisations must seize the opportunity to broaden the debate: we need to demonstrate that for a product to be environmentally friendly alone is still not enough. It must be people and development friendly too” (Bridge News, 1990). Oxfam Trading, as a founding member of the Fairtrade Foundation, was particularly important in reinforcing the idea that by purchasing Fair Trade products consumers could become agents of change. Oxfam’s credibility as a principled and pragmatic “thought leader” was significant in engaging the development agencies and building a broad consensus around the role of the “ethical consumer”.

This move by key Fair Trade organisations towards a market-driven concept of ethical consumption did not go unchallenged. The ECRA was one of the most outspoken critics of this new direction for Fair Trade. Established in June 1987, as a worker co-operative, the ECRA’s main publication Ethical Consumer positioned itself as “a magazine dedicated to the promotion of the ideals behind ‘ethical consumption’” (Ethical Consumer, 1989). ECRA openly criticised many corporate ethical initiatives as simply “tokenism” or “niche-marketing” with little connection to, or impact on, their main operations. In an early critique of the Fairtrade Mark, they argued that a product-specific approach did not address key questions about ownership and therefore “disempowers consumers because it perpetuates the idea that there is nothing to be gained from understanding the companies behind the brand names” (Ethical Consumer, 1991, p. 23). In an editorial from December 1991, the Ethical Consumer stated that, “the support of a number of the same UK Third World charities and development groups for The Global Consumer, and a related ‘Fair Trade Mark’ project, appears to be a very worrying shift on their part to the political right” (Ethical Consumer, 1991, p. 23).

The ECRA argued that product certification offered only limited incentive for companies to drive improvements throughout their supply chain – instead new ethical products could be launched to cater specifically for the demands of a niche market. This critique challenged the scalability of the Fairtrade Foundation’s business model and questioned the broader narrative of social change that underpinned the idea of mainstream ethical consumption. For the most part, the ECRA’s insistence that “ownership mattered” seemed to be out of step with the political and economic thinking of the time. The idea that Fair Trade was a consumer choice model was gaining traction and questions of ownership appeared to represent a throwback to the Fair Trade campaigns of the 1970s (Nicholls and Opal, 2005). Strategically, by defining Fair Trade as a consumer choice movement the Fairtrade Foundation was able to actively engage commercial partners and licensees which otherwise may have been wary of the idea of “alternative” or “solidarity” trade.

**Citizen-consumers**

In the UK, the Fairtrade Foundation’s Annual Report for 2007/2008 was the first time that it had defined its mission in terms of, “bringing together ***producers*** and consumers in a citizens’ movement for change” (Fairtrade Foundation, 2008). Prior to this, discussions about the role of the consumer had mainly referred to “consumer demand”, “consumer choice” and “consumer guarantee”. In 2009 the idea of consumer citizenship was also introduced in the Charter of Fair Trade Principles agreed by the World Fair Trade Organization and Fairtrade International. The Charter states that Fair Trade “enables citizens to make a difference to ***producers*** through their actions and choices as consumers” (WFTO and FLO, 2009, p. 6). For the Fair Trade movement the idea of citizen-consumers offered a new way of understanding the role of ethical consumption as a driver of change. It was not just about raising awareness of the negative effects of unfair trade, the bigger challenge was to demonstrate what an alternative would look like and how change happens. There was also a wider recognition that Fair Trade ***interventions*** were only a small part of a much bigger system.

In December 2013, following a series of workshops and meetings with small ***producer*** and worker representatives in Africa, Asia and Latin America, Fairtrade International published the first version of its Fairtrade Theory of Change document. The rationale for developing a Theory of Change was primarily to improve the monitoring, evaluation and learning systems – however, it was also noted that it could be used to “inform communication about Fairtrade, both internally and externally, and help ensure there is a common understanding about Fairtrade’s goals and approach” (Fairtrade International, 2013, p. 3). The Theory of Change framework was structured according to a “results chain” depicting four steps in the change process: ***interventions***, outputs, outcomes and impacts. However, following a stakeholder review of the first draft, it was agreed that the Theory of Change should include a more detailed articulation of how Fairtrade brings about changes through ***interventions*** in the supply chain with businesses and consumers, and through advocacy and campaigning (Fairtrade International, 2013, p. 4).

The revised Theory of Change was published by Fairtrade International in September 2015. This second version included two notable additions: a focus on the role of “citizen-consumers” and greater attention towards “emerging markets”. Fairtrade ***interventions*** for making trade fair now referred to “building and sustaining Fairtrade markets jointly with ***producer*** and worker organisations, business and citizen-consumers” (Fairtrade International, 2015, p. 28). Specifically, this meant “providing opportunities for citizen-consumers to use their purchasing power” and “establishing the Fairtrade concept and brand in emerging markets” (Fairtrade International, 2015, p. 28). This new consumer narrative was most clearly articulated in Fairtrade’s outcomes (see Figure 2). The notion of citizen-consumers actively choosing verified products was combined with, and constrained by, a rejection of those products that did not meet the required standards. The Fairtrade narrative of consumer demand was now bound by the limits of a qualified notion of citizenship, and informed by ideas of simpler living (Kallhoff, 2016). Likewise, the narrative of co-operation and solidarity was reshaped to reflect a shift away from the geo-political concerns of “progressive governments” and a greater focus on uniting ***producers***, workers, consumers and activists in a global agenda for change.

An emphasis on supporting emerging markets was also developed in Fairtrade International’s global strategy document published in January 2016. In a statement on global consumer power, Fairtrade International outlined how: “From 2016-2020 we will establish a truly global support base for Fairtrade, putting products on ever more shelves across the world. We will prioritize growth in Brazil and India, building on already solid progress which demonstrates the enthusiasm of shoppers in ***producer*** countries to champion farmers and workers locally as well as fair trade globally” (Fairtrade International, 2016, p. 14). Despite ambitions of building a global consumer movement there was a linguistic return to associating the identity of the consumer with that of the “shopper”. In creating new markets for South-South Fairtrade there was also an opportunity to articulate a more holistic perspective of “***producers***” in the Global South - one that recognised their participation as consumers and citizens. The reluctance to reframe the dominant discourse about ***producer*** participation in Fairtrade was perhaps symptomatic of the wider challenges of building inclusive multi-stakeholder governance structures (Bennett, 2017).

**Conclusions and implications for future research**

Recent studies by Oxfam have argued that there is a need for broader thinking by business, government and civil society about how change happens in order to be more creative in devising strategies and more adept at facing the huge challenges that confront our societies and planet (Krznaric, 2007; Green, 2016). Despite some evidence of an “historic turn” in organisation studies, there is still a need for scholars of business ethics and CSR to pay more attention to historical dimensions of social change (Booth and Rowlinson, 2006; Rowlinson, 2013). This research adds to the existing knowledge of Fair Trade, and an understanding of how change happens, by moving from a “universalist and presentist” focus on individual consumer practices to a historically contextualised investigation of the concept and narrative of ethical consumerism and its connection to the vision, purpose and principles of Fair Trade.

This study has been guided by three main research questions and a summary of the findings are presented below: RQ1. How has the Fair Trade movement defined ethical consumption in relation to its theory(ies) of change?

The narrative of ethical consumption has been central to defining Fair Trade’s approach to making trade fair. From the first meeting of the Fairtrade Foundation, the steering committee identified consumer agency as the key driver of change, “The Fair Trade Mark is an ambition to engage UK consumer power on a significant scale, to give a fairer deal to Third World ***producers*** of basic commodities” (Oxfam, 1990). However, a longer historical perspective reveals the dynamic nature of the concept of ethical consumption and the multiple consumer narratives that have been promoted by Fair Trade networks: simpler living and moral action; co-operation and solidarity; consumer demand and choice; citizen-consumers. These four narratives not only reflected different approaches to the consumer, but more broadly, different theories of change.

Ethical consumption has been seen as an effective ***strategic*** tool for civil society campaigns, however its use is not without challenges. Goodman et al. (2012) highlighted the potentially problematic nature of what they term “spatial projections” in relation to how NGOs craft messages and articulate specific causes. NGOs may selectively choose messages and images from the Global South in order to filter what is then projected back to consumers. Findings of this study show that Fair Trade campaigns have also used “ethical projections” that are reflected onto the consumer to provide an ethical narrative for activity that might otherwise be termed as “passive consumption” (Doherty et al., 2013) or “ordinary consumption” (Gregson and Ferdous, 2015). This “ethical projection” by NGO campaigns raises questions about the identity, role and limits of the consumer as an agent of change: RQ2. Which ethics and whose ethics are used to frame the politics of Fair Trade consumption?

Previous studies have highlighted the role of Christian organisations as an important stakeholder in shaping both individual ethical responses and collective campaigns such as Fair Trade towns (Barnett et al., 2010). This paper locates the historical role of Christian NGOs in promoting the Fair Trade narrative of simpler living and moral action; and explores the tensions in how Christian ethics were revealed, and sometimes hidden, based on a concern that “Christian language” might alienate Fair Trade consumers (Adams, 1989b). This may have been a pragmatic response to a predominantly secular society, however it should not be assumed that the logic of the market, and the primacy of consumer choice, was an inevitable outcome of mainstreaming the ethics of Fair Trade.

In contrast, a counter-narrative of co-operation and solidarity was a significant, but short-lived, experiment in building an ethics of trade justice. Shared ideas and networks between Fair Trade organisations and diverse stakeholders, including international trade unionists, Nicaraguan solidarity campaigners and liberation theologians – demonstrated the possibility of alternative theories of change. This represented a new political dimension and an ethics that was inspired, if not necessarily led, by the Global South. Some of these ideas re-emerged, or were reformulated, as part of Fair Trade’s citizen-consumer narrative. Here we find a politics of civil society where active citizens and effective states are central to building a coherent theory of change (Green, 2012). Sustainable consumption is now primarily defined as collective not individual, and is seen as connected to public policy and public procurement. This perhaps represents a new attempt to move Fair Trade consumption from the ethical to the political (Clarke, 2008). Fair Trade organisations are not alone in their attempts to reshape the discourse on ethical consumption. Recent campaigns by the Food Ethics Council have also highlighted the need to shift from a consumer to a citizen mindset in order to reorientate the food system and reframe the basis on which policy decisions – both in government and organisations – are made (Food Ethics Council, 2017): RQ3. What happens when Fair Trade campaigns begin to engage with consumers in emerging markets?

Commenting on the progress and challenges of mainstreaming ethical trade, Blowfield (1999) noted that: “One of the successes of ethical trade is that it has opened the North’s eyes to conditions in the South, but it will require belief in the South’s capacity and ability to define its own ethical goals if Northern companies, civil society organisations and consumers are to relinquish the control over the ethical trade movement that they currently exert”. There is evidence that Fair Trade is responding to the critique of its paternalistic North/South decision-making processes (Fairtrade International, 2011). But it is yet to be seen whether this represents a genuine shift in the movement’s centre of gravity towards the Global South. There may be lessons to learn from the experience of other civil society campaigns and the wider consumer movement, such as Consumers International (Hilton, 2009; Fazal, 2011). The concept of Fair Trade citizen-consumers could be extended in order to develop a more nuanced understanding of ethical consumption – one that better represents the complexities of the global market and provides new frames to challenge and explore meanings of consumer responsibility, living wage and trade justice.

While the majority of consumer research on Fair Trade to date has focussed on the Global North, recently Fair Trade products have been introduced into new markets such as India, Brazil, South Africa and Kenya (Fairtrade International, 2016, p. 14). These emerging markets are still significantly under-represented within the extant academic literature (Biggs and Lewis, 2009; Andorfer and Liebe, 2012; Raynolds and Bennett, 2015, Gregson and Ferdous, 2015). Fair Trade’s involvement and activity as a market creator and innovator in the Global South may also have wider relevance for business strategy and commercial operations in an increasingly global business environment (Doherty et al., 2015). Whether it is recognising opportunities at the bottom of the pyramid (Prahalad, 2005), or marketing products to the newly affluent middle class (Sheth, 2011), the geographies of production and consumption appear increasingly fluid and dynamic.

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**Notes**

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[***Register of Commission documents: Illicit trade in cultural goods Document date: 2017-07-25 EPRS\_BRI(2017)603259 Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PJP-M1Y1-JDG9-Y3NF-00000-00&context=1516831)

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**Body**

Brussels: Public Register European Parliament has issued the following document:

Briefing Implementation Appraisal EPRS | European Parliamentary Research Service Author: Anna Zygierewicz with Marta Méndez Juez Ex-Post Evaluation Unit PE 603.259 July 2017 Illicit trade in cultural goods (Regulation EU 116/2009 and Directive 2014/60/EU) This briefing is one in a series of 'Implementation Appraisals', ***produced*** by the European Parliamentary Research Service (EPRS), on the operation of existing EU legislation in practice. Each appraisal focuses on a specific EU law that has been earmarked for amendment or review by the European Commission's annual work ***programme***. 'Implementation Appraisals' aim at providing a succinct overview of publicly available material on the implementation, application and effectiveness to date of an EU law, drawing on input from EU institutions and bodies, as well as external organisations. They are prepared by the EPRS Ex-Post Evaluation Unit to assist parliamentary committees in their consideration of new European Commission proposals, once tabled. 1 The European Commission's portal on the fight against trafficking of cultural goods.

2 Inception impact assessment on the import of cultural goods, European Commission. 3 Tender for a study on 'Improving knowledge about illicit trade in cultural goods in the EU, and the new technologies available to combat it', reference number EAC/06/2017. 4 Proposal for a regulation of the European Parliament and of the Council on the import of cultural goods, COM(2017) 375 final. 5 EAC/06/2017. Summary Illicit trade (or trafficking) in cultural goods is defined by the European Commission as the 'illicit import, export and transfer of ownership of cultural property, i.e items being of importance for archaeology, prehistory, history, literature, art or science' and is characterised as ranging 'from theft from cultural heritage institutions or private collections, through looting of archaeological sites to the displacement of artefacts due to war'.1 The European Commission points out that trafficking in cultural goods 'fosters terrorism, money laundering, tax evasion, and organised crime' and that 'Europe, where art and culture are highly prized and where many wealthy buyers can be found, is a favourite outlet for trafficking'.2 Cultural goods have a significant economic value in the market and the trafficking of cultural goods and antiquities is estimated to be worth between US$50 million and US$150 million a year.3 The European Union does not have common rules on the import of cultural goods. Two EU acts govern only selected areas: Regulation (EU) 116/2009 lays down rules on the export of cultural goods, and Directive 2014/60/EU governs the return of cultural objects taken unlawfully from another EU country. Furthermore, most Member States impose restrictions on imports of culture goods (e.g requiring declarations or controls) in line with Articles 34 and 35 of Treaty on the Functioning of the European Union (TFEU). On 13 July 2017 the European Commission tabled a proposal for a regulation on the import of cultural goods, which will set out conditions and procedure for the entry of cultural goods into the customs territory of the EU.4 The Commission is also preparing a study on illicit trade in cultural goods in the EU and the new technologies available to combat it.5 2 1. Background Cultural goods and cultural heritage have irreplaceable cultural, social, environmental and economic value and are essential for people's identity and memory, as well as for creating a sense of belonging to a community. Cultural heritage as a non-renewable resource that is unique, non-replaceable or noninterchangeable is currently confronted with serious challenges relating to cultural, environmental, social, economic and technological transformations that are affecting all aspects of contemporary life.6 Cultural heritage plays a special role in achieving the Europe 2020 strategy goals for 'smart, sustainable and inclusive growth', since its social and economic impact contributes to environmental sustainability. It cuts across several public policies beyond the strictly cultural domain, such as regional development, social cohesion, ***agriculture***, maritime affairs, environment, tourism, education, the digital agenda, research and innovation. These policies have a direct or indirect impact on cultural heritage and cultural heritage offers strong potential for the achievement of their objectives.7 The 2015 'Cultural Heritage Counts for Europe' report shows that an estimated 300 000 people work directly in the EU's cultural sector and as many as 7.8 million jobs are created indirectly by this sector.8 Additionally, studies show that investing €1 in culture gives a return of more than €20.9 Article 167 of the Treaty on the Functioning of the European Union (TFEU) states that the EU 'shall contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common heritage to the fore'. This has been translated, inter alia, into the Work ***Plan*** for Culture (2015–2018), which was adopted by EU's culture ministers in December 2014 and sets out the main priorities for European cooperation in cultural policy-making: inclusive and accessible culture, the promotion of cultural heritage, support for the flowering of the cultural and creative sectors, and promotion of cultural diversity and of culture in the EU's external relations. Prior to that, cultural heritage was highlighted as an EU priority with the 2007 Council resolution on a European Agenda for Culture.10 This agenda includes a specific objective as regards culture as a vital element of international relations, promoting the UNESCO Convention on the protection and promotion of the diversity of cultural expressions 200511 and contributing to its implementation at international level. Horizon 2020, the EU's framework ***programme*** for research and innovation, reinforces the EU's position in the field of preserving, restoring and promoting cultural heritage, supporting cooperation among researchers across a broad range of themes. Through Horizon 2020, the EU supports the application of cutting-edge science to heritage protection; the development of more inclusive interpretations of the past; and new methods of dissemination and knowledge sharing.12 The conservation, promotion and management of cultural heritage is currently supported under the EU's Structural and Investment Funds (ESIF). Between 2007 and 2013, the European Regional Development Fund allocated €3.2 billion to protect and preserve cultural heritage, €2.2 billion to develop cultural infrastructure and €553 million to boost cultural services, which also benefited cultural heritage.13 For the 2014 to 2020 6 See Council conclusions of 21 May 2014 on cultural heritage as a ***strategic*** resource for a sustainable Europe, 2014. 7 Council conclusions of 21 May 2014, p. 1. 8 'Cultural Heritage Counts for Europe' by Europa Nostra, co-funded by the Culture ***Programme*** of the European Union, June 2015, p. 153-154. 9 European Year of Cultural Heritage 2018: why it is important, European Parliament. 10 Resolution of the Council of 16 November 2007, OJ C 287, 29.11.2007, p. 1. 11 Convention on the protection and promotion of the diversity of cultural expressions, adopted in Paris, 20 October 2005. 12 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Towards an integrated approach to cultural heritage for Europe, COM(2014) 477 final. 13 Mapping of Cultural Heritage actions in European Union policies, ***programmes*** and activities, European Commission, 2014. ─ In 2013, 26 % of EU travellers indicated that cultural heritage was a key factor in choosing a travel destination; and ─ 52 % of EU citizens had visited at least one historical monument or site and 37 % a museum or gallery in their respective countries, while 19 % visited a historical monument or site in another EU country. Source: Attitudes of Europeans towards tourism, Eurobarometer, March 2013. 3 period, ESIF investments in heritage will remain eligible, under certain conditions, through direct funding, but also through investment in urban regeneration, sustainable development and support for small and medium-sized enterprises.14 Regulation 116/2009 on the export of cultural goods15 includes the presentation of an export licence for the export of cultural goods outside the customs territory of the EU, as a measure to ensure that exports of cultural goods are subject to uniform controls at the Union's external borders. Directive 2014/60/EU on the return of cultural objects unlawfully removed from the territory of a Member State16 covers objects of historical, paleontological, ethnographic and numismatic interest or scientific value, whether or not they form part of public or other collections or are single items, and whether or not they originate from regular or clandestine excavations, provided that they are classified or defined as national treasures. Furthermore, cultural objects classified or defined as national treasures should no longer have to belong to categories or comply with thresholds related to their age and/or financial value in order to qualify for return under this directive. 2. EU-level reports, evaluations, studies and legislative proposals In July 2014 the Commission adopted the communication, Towards an integrated approach to cultural heritage for Europe.17 The communication points out that trafficking of cultural artefacts remains a difficult challenge requiring action at European and international level.18 While policies for maintenance, restoration, accessibility and exploitation of cultural heritage are primarily national or local responsibilities, cultural heritage is addressed directly in several EU policies, including those relating to culture, environment, research and innovation, education, regional development and customs cooperation.19 In its section on cultural heritage in EU external relations, the communication highlights that 'there is a growing global demand for European expertise in heritage and that many Member States are willing to share their know-how to protect sites and to help partner countries develop sustainable, community-based strategies'. Cooperation in fighting the illicit traffic of cultural goods and the protection of national archives are therefore two fundamental aspects where efforts need to be stepped up. Heritage-related topics are addressed as part of cooperation with Africa, Asia-Europe Meeting (ASEM), with ***strategic*** partners such as China, India and Brazil, and with the European Neighbourhood Policy countries. In 2011-2013, EU development aid for the heritage sector exceeded €70 million in the Mediterranean region.20 The 2015 report by the Horizon 2020 Expert Group on Cultural Heritage Getting cultural heritage to work for Europe argues that cultural heritage is 'a significant force for 21st century Europe' and lies 'at the heart of what it means to be European'. It also provides a means of improving economic performance, people's lives and living environments and is regarded as a positive contributor to European gross domestic product (GDP). Cultural heritage brings economic benefits to the tourism sector, but can be also seen as an innovative stimulant for growth and employment in a wide range of traditional and new industries.21 Most recently, the 2016 Action ***plan*** to strengthen the fight against terrorist financing22 recognised that terrorist groups use illicit excavations of archaeological sites to obtain cultural goods as a source of income. 14 COM(2014) 477 final. 15 OJ L 39, 10.02.2009, p. 1. 16 OJ L 159, 28.05.2014, p. 1. 17 COM(2014) 477 final. 18 COM(2014) 477 final, p. 5. 19 COM(2014) 477 final, p. 6. 20 COM(2014) 477 final, p. 12. 21 Report of the Horizon 2020 Expert Group on Cultural Heritage, European Commission, June 2015, p. 5. 22 IPI/16/202, 2 February 2016. Extra-EU trade in cultural goods, EU-28, 2008 and 2015, in € million 2008 Exports Imports Balance 10 535 12 603 -2 068 2015 Exports Imports Balance 14 926 12 140 2 786 Source: International trade in cultural goods, Eurostat, January 2017. 4 For this reason, the Commission intends to table a legislative proposal to reinforce the powers of customs authorities to address terrorism financing through trade in goods by, inter alia, tackling illegal gains made through dissimulation of trade transactions, misrepresentation of the value of goods and fictitious invoicing. As announced in the 2016 joint communication Towards an EU strategy for international cultural relations,23 the European Commission intends to regulate the import into the EU of cultural goods, based on the results of a recently launched study to identify gaps in national legislation and on scrutiny of legislation at EU level. On 13 July 2017 the Commission tabled proposal for a regulation on the import of cultural goods, which will set out conditions and procedure for the entry of cultural goods into the customs territory of the EU. The Commission explained that the regulation would ‘addresses the problem of cultural goods from third countries illegally taken from their historical and archaeological context being brought in to the EU, thereby fostering organised crime, terrorism financing, money laundering and tax evasion as well loss of cultural identity and heritage to source countries’.24 The regulation follows up on EU legislation prohibiting trade in cultural goods from Iraq and Syria (Regulations 1210/2003 and 36/2012), the 2015 European Agenda on Security25 and the 2016 Action ***Plan*** to step up the fight against the financing of terrorism.26 3. European Parliament position / MEPs' questions 3.1 European Parliament resolutions European Parliament resolution of 30 April 2015 on the destruction of cultural sites perpetrated by ISIS/Da'esh The resolution27 indicates that illicit trade in cultural goods is now the third most significant illegal trade after drugs and arms. This illicit trade is dominated by organised criminal networks and current national and international mechanisms are neither adequately equipped nor properly supported to tackle the issue.28 The resolution suggests that the Commission29 focus on the fight against illicit trade in cultural artefacts. Moreover, Parliament calls on the Commission to devise a coordinated approach to combating that illegal trade, working together with those responsible at national level in the investigation services and in close cooperation with UNESCO and other international organisations. Furthermore, the European Parliament calls on those Member States that have not already done so to ratify the 1970 UNESCO Convention on the means of prohibiting and preventing the illicit import, export and transfer of ownership of cultural property, the 1995 UNIDROIT Convention, the 1954 Hague Convention for the protection of cultural property in the event of armed conflict, and its second protocol of 1999. European Parliament resolution of 8 September 2015 towards an integrated approach to cultural heritage for Europe This resolution30 points out that cultural tourism, which accounts for 40 % of European tourism, is a key economic sector in terms of potential for growth and employment. The European Parliament calls on the Commission to improve its coordination of and support for Member States' efforts to fight the theft and illegal trafficking of cultural heritage assets inside and outside the EU and asks for the return of cultural objects unlawfully removed from the territory of a Member State.31 In addition, Parliament points to the 23 Joint communication to the European Parliament and the Council, Towards an EU strategy for international cultural relations, JOIN(2016) 29 final. 24 Commission staff working document. Executive summary of the impact assessment accompanying the document. Proposal for a regulation of the European Parliament and of the Council on the import of cultural goods, SWD(2017) 263 final. 25 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The European Agenda on Security, COM(2015) 185 final. 26 Communication from the Commission to the European Parliament and the Council on an Action ***Plan*** for strengthening the fight against terrorist financing, COM(2016) 50 final. 27 P8\_TA(2015)0179. 28 Morocco - Africa-EU workshop on the fight against illegal trafficking of cultural goods. 29 In line with paragraph 17 of UN Security Council Resolution 2199 of 12 February 2015. 30 P8\_TA(2015)0293. 31 P8\_TA(2015)0293, Point 69. 5 potential afforded by interdisciplinary research projects with regard to preserving cultural heritage involving Member States and non-EU countries.32 Furthermore, Parliament calls for a strong commitment on the part of Member States, the EU and the international community to prevent, protect, document and restore cultural goods in cases where EU cultural heritage or that of non-Member States is intentionally threatened. It encourages the adoption of international agreements to prevent illicit trafficking of cultural heritage. In addition, Parliament highlights the need for the EU, together with the UN and UNESCO, to defend heritage in danger and fight the looting of cultural objects in conflict areas.33 3.2 European Parliament legislative initiative The European Parliament has launched a legislative initiative procedure 2017/2023(INL) 'Cross-border restitution claims of works of art and cultural goods looted in armed conflicts and wars', which is awaiting the decision of the Legal Affairs Committee. A study prepared for the committee, in first sentences states, that ‘armed conflicts, whether international or intrastate, pose multiple threats to cultural heritage. The looting of art is one of them’. The study recommends, inter alia, the uniformity of solutions to ensure legal certainty in cases relating to the restitution of art looted in armed conflicts and to set up at the EU level a body in charge with proposing long term solutions and/or giving expert advice in specific cases.34 3.3 MEPs' written questions Written question by Ivan Jakovčić (ALDE, Croatia), 17 July 2015 The Member inquired about what actions Europe was taking to counteract the illegal trade in cultural goods and in particular to control the financial flows that supported the financing of terrorist organisations. Answer given by Federica Mogherini on behalf of the Commission, 15 October 2015 The Commission Vice-President replied that the EU was taking steps in accordance with UNSCR 2199 to prevent the illegal trade of cultural property, given that such trafficking of cultural artefacts contributed directly to the financing of ISIL/Da'esh and other terrorist organisations. She explained that the EU helped document and protect the heritage of Syria and Iraq and was supporting the efforts of both international and local partners to safeguard as much as possible of the two countries' cultural and religious heritage, and to return all stolen items that were recovered to those countries, in accordance with Article 11(c) of Regulation 36/2012 of 18 January 2012 concerning restrictive measures in view of the situation in Syria. Written question by Pablo Iglesias (GUE/NGL, Spain), 10 June 2015 The Member asked when the EU would implement the appropriate mechanisms to initiate the fight against the illegal trade in cultural goods coming from Syria, taking into consideration the occupation of Palmyra by Da'esh, the EEAS statement that the EU had taken all the appropriate steps to prevent the illegal trade of cultural property, and the European Parliament resolution tackling the issue of the illegal trade in cultural property and the traffic in cultural artefacts. Written question by Doru-Claudian Frunzulică (S&D, Romania), 29 May 2015 Taking into consideration the situation in Palmyra, the Member inquired whether the Commission had any information on the current situation in Palmyra and the fate of the archaeological treasures there. Answer to both questions given by Federica Mogherini on behalf of the Commission, 29 September 2015 The Commission Vice-President noted that Da'esh's deliberate destruction of archaeological and cultural heritage in Palmyra, as well as other places in Syria and Iraq, might amount to a war crime, according to the Rome Statute of the International Criminal Court. The Council had adopted regulations banning imports of cultural goods coming from Syria (Regulation 1332/2013) and Iraq (Regulation 1210/2003). In addition, the 32 P8\_TA(2015)0293, Point 70. 33 P8\_TA(2015)0293, Point 72. 34 Cross-border restitution claims of art looted in armed conflicts and wars and alternatives to court litigations, European Parliament, Directorate General for Internal Policies, 2016, p. 6 and 44. 6 EU was providing financial support for the UNESCO-run action ***plan*** for cultural heritage in Syria. Since 2014, the EU had devoted €2.5 million for the funding of the project. An expert team based in Beirut was monitoring the situation, fighting against illicit trafficking and raising awareness among authorities, locals and the Syrian refugees. The Council framework decision 2008/841/JHA on the fight against organised crime35 established the definitions of offences for participating in a criminal organisation and provided for corresponding penalties on natural or legal persons. Europol was supporting the ongoing investigations, facilitating the exchange of information about offences committed, and stolen and sought-after cultural property. Member States were also encouraged to use Interpol's dedicated stolen works of art database, and to cooperate with its special unit dedicated to the fight against the illicit trafficking of cultural goods. The EU also funded the International Observatory on Illicit Traffic in Cultural Goods, designed by the International Council of Museums (ICOM). ICOM had ***produced*** emergency red lists of Iraqi and Syrian antiquities at risk, designed as tools for museums, customs officials, police officers, art dealers and collectors. Written question by Theodoros Zagorakis (EPP, Greece), 30 April 2015 The Member inquired how the EU could help to reduce the trafficking of cultural goods of questionable legal provenance by auction houses. The Member also asked if alternative forms of resolving such disputes could be provided, given the very significant cost of legal action for Member States. Answer given by Elżbieta Bieńkowska on behalf of the Commission, 31 August 2015 The Commissioner replied that Directive 2014/60/EU guaranteed the right of Member States to secure the physical return of unlawfully removed cultural objects and was designed to contribute to reducing the cost of returns. In particular, it facilitated the resolution of disputes and amicable out-of-court returns through administrative cooperation between national authorities. It also established an obligation for the possessor to prove the exercise of due care and attention in acquiring the cultural object and allowed for compensation in the event that the return of the cultural object was ordered. The directive set out non-exhaustive criteria to be taken into account by the court so as to facilitate the interpretation of due care and attention. 4. Council of the European Union In 2014, the Council of the European Union highlighted the social and economic benefits of heritage policies in its conclusions on cultural heritage as a ***strategic*** resource for a sustainable Europe.36 The Council of the European Union called on the Member States to enhance cross-border, interregional and transnational cooperation on cultural heritage issues with relevant stakeholders. Furthermore, the conclusions called on the Member States to foster the knowledge and skills necessary for the safeguarding, sustainable management and development of cultural heritage and to be handed down to future generations, so as to improve human capital and ensure the continuous protection of and access to Europe's cultural assets.37 The idea of a European Year of Cultural Heritage was raised for the first time in 2014 when the Council of the European Union referred to it in its conclusions on the participatory governance of cultural heritage.38 The idea received strong support from the European Parliament and the Commission presented its proposal for a European Year of Cultural Heritage in August 2016.39 On 17 April 2017, Parliament voted on making 2018 the European Year of Cultural Heritage.40 One of the specific objectives of the European Year is to encourage synergies between the Union and the Member States, including initiatives to prevent the traffic of cultural goods.41 35 OJ L 300, 11.11.2008, p. 42. 36 Council conclusions of 21 May 2014 on cultural heritage as a ***strategic*** resource for a sustainable Europe, 2014. 37 Council conclusions of 21 May 2014, Points 23 and 24. 38 OJ C 463, 23.12.2014, p. 1. 39 COM(2016) 543 final, 31.08.2016 40 Decision (EU) 2017/864 of the European Parliament and of the Council on a European Year of Cultural Heritage (2018), OJ L 131, 20.5.2017 41 According to Article 2(2)(m) of Decision 2017/864/EU. 7 5. Committee of the Regions (CoR) Opinion 2015/C 195/04 of the European Committee of the Regions (CoR) – Towards an integrated approach to cultural heritage for Europe42 – indicated that conservation of heritage, its development and steps to guarantee its long-term future were a vocation, a responsibility and a shared goal. The Committee welcomed the introduction of the Internal Market Information System (IMI),43 and looked forward to the establishment of an IMI system module specifically customised for cultural objects, which should facilitate the implementation of Directive 2014/60/EU on the return of cultural objects.44 The Committee of the Regions also stressed the need for closer cooperation on combating the illicit trade in cultural goods and objects. It therefore urged the Member States to ratify the 1970 UNESCO Convention and the 1995 UNIDROIT Convention, and to ensure that they were enforced in practice by making appropriate changes to national laws and through tighter police and customs controls at EU borders.45 6. Other EU institutions Eurojust (Judicial Cooperation Unit of the European Union), Europol (European Police Office) and CEPOL (European Police College) contribute to the coordination of investigations, criminal prosecutions and the exchange of information between Member States. The main role of Eurojust is to provide the national authorities of the EU Member States who are conducting investigations and/or prosecutions with support and assistance in cases of serious cross-border crime. This extended scope of action is extremely useful in cases of criminal organisations involved in the illegal trafficking of cultural goods and other criminal offences. Europol works to help Member States prevent and investigate a wide range of crimes, one area being the illicit trafficking of cultural goods, including antiquities and works of art. According to the 2017 European Union Serious and Organised Crime Threat Assessment (SOCTA 2017),46 organised property crime covers a wide range of criminal activities, carried out mainly by mobile organised criminal groups operating across the EU. The trafficking of cultural goods falls into this broad category of criminal activities. 7. European Commission public consultation The European Commission ran a public consultation on the adoption of customs rules governing the import of cultural goods into EU territory, from October 2016 to January 2017. 305 contributions were received within the deadline, and more within a week of the deadline; all were considered by the Commission. A synopsis report47 showed that there was no agreement on what action should be taken at EU level. Around 55 % of citizens were in favour of adopting customs rules for imports and 30 % were against. Meanwhile, more than 80 % of companies were against and more than 90 % of NGOs and civil society organisations were in favour. The question on the contribution of EU anti-trafficking measures in the fight against organised crime and terrorist financing brought mixed opinions: 32 % of citizens were for the idea and around 30 % against; around 70 % of companies did not believe in the effectiveness of such measures, while around 90 % of both NGOs and civil society organisations, and also public authorities, were in favour. 8. Petitions Petition 0076/2012 on the compatibility of Article 30 TFEU with Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods. The European Commission considered that national regimes regulating the export of cultural goods should be assessed on a case by case basis taking due account of the principle of proportionality. It is was ultimately up to the Court of Justice of the European Union to declare whether national legislation protecting cultural goods was legitimate in the light of Articles 35 and 36 TFEU. The Commission could only observe that the 42 OJ C 195, 12.6.2015, p. 22. 43 Established by Regulation (EU) No 1024/2012 (OJ L 316, 14.11.2012, p. 1). 44 Point 8 of the CoR opinion. 45 Point 48 of the CoR opinion. 46 Europol, p. 47. 47 Synopsis Report of Open Public Consultation for the proposal on the import of cultural goods, European Commission, 2017. 8 problem encountered by the petitioner could result from the incorrect application of national provisions that may themselves comply with EU law, since it appeared from the petition that other companies established in the same Member State were not obliged to obtain a permit for the export of similar items. 9. Other sources of reference - Council conclusions on preventing and combating crime against cultural goods, 13 and 14 December 2011. - Fourth report on the application of Council Directive 93/7/EEC on the return of cultural objects unlawfully removed from the territory of a Member State.48 To contact the Ex-Post Evaluation Unit, please e-mail: [*EPRS-ExPostEvaluation@ep.europa.eu*](mailto:EPRS-ExPostEvaluation@ep.europa.eu) Manuscript completed in July 2017. Brussels © European Union, 2017. The opinions expressed in this document are the sole responsibility of the author(s) and do not represent an official position of the European Parliament. Reproduction and translation of this document for non-commercial purposes are authorized, provided the source is acknowledged and the publisher is given prior notice and sent a copy. 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XVI.1 of the Rules of Procedure of the European Parliament. 50 OJ L 39, 10.02.2009, p. 1. 51 OJ L 159, 28.05.2014, p. 7. 52 COM(2017) 375 final, 13.7.2017 EP committee responsible at time of adoption of the EU legislation: Committee on Culture and Education and Committee on Legal Affairs.49 Date of adoption of original legislation in plenary: - 18 December 2008 (Regulation (EU) 116/2009)50 - 15 May 2014 (Directive 2014/60/EU)51 Deadline for transposition of legislation and entry into force of original legislation: - 18 December 2015 (Directive 2014/60/EU, Article 19(1)) ***Planned*** date for review of legislation: - Every three years the Commission is obliged to ***produce*** a report on the implementation of Regulation (EU) 116/2009 (Article 10(2)). - Every five years the Commission shall present a report reviewing the application and effectiveness of Directive 2014/60/EU (Article 17(2)). Timeline for new amending legislation: - On 13 July 2017, the European Commission tabled a proposal for a regulation on the import of cultural goods.52

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[*eprs@ep.europa.eu*](mailto:eprs@ep.europa.eu) – [*http://www.eprs.ep.parl.union.eu*](http://www.eprs.ep.parl.union.eu) (intranet) –   [*http://www.europarl.europa.eu/thinktank*](http://www.europarl.europa.eu/thinktank) (internet) –   [*http://epthinktank.eu*](http://epthinktank.eu) (blog) Aquaculture in the EU Aquaculture means the rearing of aquatic animals and the cultivation of aquatic plants and algae. While, at global level, this industry has undergone significant growth for several decades, in the EU, aquaculture production, focused on the farming of fish and shellfish for human consumption, is rather stagnating. Subject to diverse EU policies, such as environmental protection or animal and consumer health, the development of aquaculture largely depends on measures taken by national authorities. The EU common fisheries policy requests Member States to put in place a ***strategic*** ***plan*** for sustainable aquaculture, which can be fostered with the European Maritime and Fisheries Fund. Aquaculture: what is it about? Aquaculture is to water what ***agriculture*** is to land: the farming of aquatic living organisms, whether animals or plants, using techniques to increase their production beyond the productivity of the natural environment. It also implies ownership of the farmed aquatic organisms throughout the rearing and culture stage, up to harvesting. Although aquaculture, notably algae cultivation, may also provide raw material for different industrial purposes (such as cosmetics or biofuels), aquatic farming activities are mainly aimed at ***producing*** food for human consumption. A very fast growing sector at global level, aquaculture nowadays contributes half of the annual average consumption of fish per capita in the world, and it is poised to continue this growth and overtake capture fisheries as a supplier of fish for food. Main features of EU aquaculture EU aquaculture is mainly about rearing fish and shellfish, with production having levelled out at between 1.2 and 1.3 million tonnes annually since the first half of the 2000s. Today, this represents only about 1.7 % of the global tonnage of aquaculture in the world. Three quarters of EU aquaculture products, in both volume and tonnage, emanate from five Member States (Spain, Greece, France, Italy, and the United Kingdom), in which aquaculture covers a range of diverse farming activities of fish species in freshwater (notably trout, carp and sturgeon) or in sea water (such as salmon, sea bass, sea bream and turbot), and of shellfish (mainly mussels, oysters and clams). Farming practices also vary significantly, from rearing low to high densities of fish, which can originate from hatcheries after artificial reproduction of genetically selected breeders, as well as from collection of specimens in the wild. Rearing takes place in a variety of systems, such as earthen ponds open to nature, floating cages or indoor tanks with recirculated and fully controlled water. Aquatic animals are grown on natural food or on complex compound feed, specifically designed depending on the species, the fish age or the intended market. An activity subject to diverse policies Aquaculture is covered by numerous EU policies, some applicable to any industry (e.g competition and trade), others for more specific aspects. The farming of aquatic animals requires access to water of good, if not excellent, quality, but it also implies the need to comply with the EU's high levels of environmental protection, notably with Member States' measures to implement the water protection requirements established in the Water Framework Directive and the Marine Strategy Framework Directive. Aquaculture activities must also comply in particular with environmental impact assessment requirements and nature protection needs, notably under the Birds and Habitats Directives, as well as with specific EU rules on alien species, if they entail the rearing of a species that is not naturally present in the EU, in order to contribute to biodiversity protection. As a food ***producing*** and animal rearing business, fish and shellfish farming also has to comply with the high levels of animal health and welfare standards and with food safety requirements, such as rules governing the EPRS Aquaculture in the EU Members' Research Service Page 2 of 2 prevention and control of transmissible diseases in aquatic animals, measures applicable to animal feed and its components, and other veterinary issues (e.g control and inspections, and use of veterinary medicines including fish vaccines). Similar to ***agriculture*** when considering its production processes, aquaculture is also covered by the EU rules on organic production, as well as other types of voluntary labels under the EU ***agricultural*** quality product policy (e.g protected geographical indication and protected designation of origin). However, in ***producing*** fish and shellfish, aquaculture is, from a market perspective, part of the fish valuechain. As such, the scope of the EU common fisheries policy (CFP) covers aquaculture (and the processing and marketing of aquaculture products) 'in relation to measures on markets and financial measures in support of the implementation of the CFP'. In this latter regard, the European Maritime and Fisheries Fund (EMFF) allows the fostering of aquaculture through possible financing of numerous measures (for innovation, productive investments, new aquaculture farmers, environmental services, organic aquaculture, training, networking...) Most responsibilities framing the development of aquaculture activities around the EU lie with public authorities at national level. However, the CFP Basic Regulation requires Member States to establish a multiannual national ***plan*** for the sustainable development of aquaculture on their territory, including as part of the prerequisites for Member States to receive EU financial support under the EMFF. Furthermore, it establishes a new consultative body at EU level, the aquaculture advisory council (AAC), to be set up by interested parties from the sector and other groups of interests. The CFP also envisages exchanges of information and best practices among Member States through an open method of coordination, a voluntary process to be facilitated by the European Commission. The EU is also a major source of funding for research and innovation in aquaculture (notably under Horizon 2020). Challenges and perspectives for EU aquaculture To develop, EU aquaculture may take advantage of numerous opportunities such as the prospects for global development in this industry, the increasing demand for fish products, the high level of environmental sustainability and the quality of EU products, and the know-how and continuous search for innovation of European aquaculture enterprises. However, notwithstanding external pressures (e.g climate change, diseases) as well as market and economic challenges (e.g competition with imports, difficulties for access to finance), the EU aquaculture industry also faces difficulties in terms of regulatory management and governance (e.g licensing requirements and possibilities for access to space and water), possibly complicated by societal challenges (lack of information on aquaculture activities, 'not in my backyard' opposition at local level, demand for further improvement in terms of environmental footprint or animal welfare). The aquaculture growth expectations envisaged in the first EU strategy for sustainable development of aquaculture launched in 2002 did not materialise, although trends and economic performance vary depending on the sector concerned. The EU financial support provided to promote aquaculture under the previous European fisheries funds in 2007-2013 was also criticised by the European Court of Auditors. Started in 2014, the new CFP aims, among other things, to give new impetus to aquaculture in the EU. The Commission projection for EU farmed fish and shellfish production in 2020, based on its summary of national ***strategic*** ***plans*** for aquaculture, would represent an increase in volume of about 25 % by then – up to 1.5 million tonnes a year. Promotion of sustainable aquaculture activities would also benefit from some €1.2 billion of support under the EMFF by the end of the financing period. However, the ***programming*** process and the start of effective use of available EMFF support has suffered from delays. The establishment of the aquaculture advisory council also took over two years before it could start working, and it has not yet been in a position to make recommendations on issues of concern for aquaculture. The issuing of new Commission guidance documents on some environmental directives in relation to aquaculture was also finalised two years later than announced in the 2013 communication on ***strategic*** guidelines for EU aquaculture. The results of the open method of coordination among Member States, notably regarding licensing requirements and allocation of space to aquaculture, have not yet been assessed, but Member States have been invited to report before the end of 2017, on a voluntary basis, on progress made with regard to their national ***strategic*** ***plans*** for aquaculture. The European Parliament took a position on aquaculture in 2010, and subsequently in 2013-2014 when reforming the CFP. The Committee on Fisheries has now decided to review the situation of aquaculture and is preparing an own-initiative report 'Towards a sustainable and competitive European Aquaculture sector: current status and future challenges' (2017/2118(INI); rapporteur Carlos Iturgaiz, EPP, Spain).

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[***Council of the European Union:EU priorities for the third meeting of the United Nations Environment Assembly (UNEA-3) (Nairobi, 4-6 December 2017) - draft Council conclusions = Comments from delegations ST 11917 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PV5-R5S1-F0YC-N24X-00000-00&context=1516831)

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Brussels: Council of the European Union has issued the following document:

11917/17 ATR/dk 1 DG E 1A LIMITE EN Council of the European Union Brussels, 6 September 2017 (OR. en) 11917/17 LIMITE ENV 729 DEVGEN 191 ONU 112 NOTE From: General Secretariat of the Council To: Delegations No. prev. doc.: 10651/2/17 ENV 643 DEVGEN 152 ONU 86 REV 2 Subject: EU priorities for the third meeting of the United Nations Environment Assembly (UNEA-3) (Nairobi, 4-6 December 2017) - draft Council conclusions = Comments from delegations Delegations will find in Annex, comments as received from DK/DE/ES/FR/LT/HU/NL/PL/PT/FI/SE and Cion on the abovementioned draft Council conclusions. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ PUBLIC Conseil UE 11917/17 ATR/dk 2 ANNEX DG E 1A LIMITE EN ANNEX DENMARK Comment: General comment/consideration: The draft contains quite many different issues, of which some are in not specific to pollutio. While related elements can be very important, it is also important to consider how broad the conclusions should be. A more narrow approach might have advantages in terms of effect/impact.

REAFFIRMING the commitment of the European Union (EU) and its Member States to the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and other key environmental agreements and frameworks such as the ***Strategic*** ***Plan*** for Biodiversity and its Aichi Targets, the Sendai Framework for Disaster Risk Reduction and the Montreal, Basel, Stockholm, Rotterdam and Minamata Convention on chemicals and wastes; NOTING that these multilateral commitments demonstrate the necessity and the capacity of all UN Member States to work in partnership to address global issues; EMPHASIZING also the commitment of the EU and its Member States to work actively in cooperation with other UN Member States, the private sector, academia, and civil society in spearheading knowledge transfer and solution-oriented action towards achieving a circular economy and a successful and effective transition to sustainable societies; UNDERLINING that it has been estimated that (Comment: More correct, since the numbers have been underestimated, especially due to lack of data. ) 6.5 million people across the world die prematurely every year from exposure to outdoor and indoor air pollution, 58% of the cases of diarrheal diseases are due to lack of access to clean water and sanitation, 4,9 million deaths have been attributed to environmental exposure and management of selected chemicals in 2004, (Comment: Source: Global Chemicals Outlook (2012), synthesis report, page 22. “4,9 million deaths were attributable to environmental exposure and management of selected chemicals in 2004 for which data were available. This figure includes indoor smoke from solid fuel use, outdoor air pollution and second-hand smoke, with 2.0, 1.2 and 0.6 million deaths/year. These are followed by occupational particulates, chemicals involved in acute poisonings, and pesticides involved in self-poisonings, with 375,000, 240,000 and 186,000 deaths/year respectively) 2 billion people worldwide lack access to solid waste collection, and that under a business as usual scenario, the weight of plastics is expected to increase in the oceans in the future (Comment: The prediction that plastic will outweigh the weight of fish has been questioned from many sides ie. uncertainty related to the estimate on fish and plastic in the oceans, and the predictions many years into the future, and should therefore not be replicated here.) Further, the global health and environmental costs of chemical pollution amounts to several billion USD. (Comment: Source: UNEP: Cost of Inaction on the sound management of chemicals (2013). E.g page 11.) [PLACEHOLDER – possible reference to results and recommendation from the upcoming the Lancet report on Health and Pollution (Global Alliance on Health and Pollution)] 11917/17 ATR/dk 3 ANNEX DG E 1A LIMITE EN STRESSING that pollution needs to be effectively addressed through good governance, the rule of law, appropriate incentives policies relating to taxes and subsidies, democracy, and effective and accountable institutions, and (Comment: Language from 2030 Agenda Council Conclusions of 20 June, para 9.) action at global, regional, national and local levels; and EMPHASIZING that due to the various types and aspects of pollution and the roles and relevance of many different sectors and actors, all stakeholders, including the business community, the scientific community and civil society, as well as various UN institutions, financial institutions, development banks and altruistic foundations, have important roles to play. THE COUNCIL OF THE EUROPEAN UNION 1. WELCOMES the upcoming UNEA-3 under the overarching theme of “Towards a Pollution-Free Planet” with the aim of initiating effective and collaborative action towards reducing pollution, and APPRECIATES the work carried out by UNEP to provide scientific information on pollution-related issues and to promote policy coherence, especially (Comment: Superfluous words)the substantial input from the Report of the Executive Director of UNEP on the theme of UNEA-3; 2. EMPHASIZES the utmost importance of concerted action and wide international mobilization to tackle pollution in order to reduce adverse effects on human health and well-being, ecosystems, biodiversity and living species, and, as a consequence, on social justice, water and food security and economic growth; 2.bis Recognizing the importance of taking into account the links with climate change, including in relation to climate mitigation and adaptation efforts. (Comment: The issue would merit a separate paragraph, and should include a clear link to efforts, to avoid counterproductive efforts and enhance synergies.) 3. UNDERLINES the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote cross-linkages and seek further synergies through relevant UN agencies, MEAs and other initiatives and INVITES UNEA-3 to mandate UNEP to set up a framework and follow-up actions for reducing pollution; 4. UNDERLINES the primacy of prevention and early action in addressing pollution; RECALLS in this respect the precautionary principle for situations where there are threats (Comment: Prefer to stick to original wording of Rio principle 15.) of serious or irreversible damage and REAFFIRMS the polluter-pays principle and the need for its effective implementation; 5. STRESSES the need to develop and implement solutions and take urgent action to reduce air pollution, soil pollution, marine pollution, fresh water pollution, harmful chemicals in consumer products, and generally improve management of chemicals and wastes, and HIGHLIGHTS the need for a sound governance in these areas ; (Comment: No reference to specific processes) 11917/17 ATR/dk 4 ANNEX DG E 1A LIMITE EN 6. CALLS FOR setting up clear actions and measures to deal with issues (Comment: Delete because it is implicit/they also affect environment/and many others could be mentioned that have adverse effects on health.) such as heavy metals, emerging pollutants, antimicrobial resistance, endocrine disruptors and the growing (Comment: Do the data show growing use of pesticides as such or hazardous pesticides in particular?) use of hazardous pesticides and fertilizers and RECOGNIZES the potential and benefits for health, well-being, biodiversity and livelihood in protecting and restoring ecosystems; (Comment: This should be considered as a separate paragraph.) 7. HIGHLIGHTS the importance of joint action to combat air pollution and climate change by ensuring a coherent approach on these policies; EMPHASIZES the need to be ambitious in developing and implementing policies on air quality protection, with special focus at the EU level on the NEC Directive 1, CALLS UPON all UN Member States to fully implement the LRTAP Convention and the revised Gothenburg Protocol; and STRESSES that the implementation of the Paris Agreement on Climate Change greatly contributes to tackling air pollution; 8. STRESSES the need to (Comment: Partly to improve language/up front focus on the issue, and to strengthen.) urgently address marine pollution of all kinds, particularly plastics and micro-plastics, in line with our strong commitment to conserve and sustainably use our oceans, seas and marine resources, focusing on specific actions for prevention and reduction; and CALLS for the development and adoption of legislation and incentives to phase-out micro-plastics from key sources identified and to reduce the use of plastics; 9. EMPHASIZES the important role that sustainable chemistry can play in reducing adverse impacts to human health from hazardous chemicals and in transitioning to a circular economy; and URGES the Commission and the Member States to increase awareness and knowledge of hazardous substances and replace hazardous chemicals with safe alternatives; 10. UNDERLINES the necessity to engage municipalities in ***programs*** to reduce pollutions in cities and assist in forging alliances to promote best practices, technological innovations and good governance; and CALLS for the implementation of the New Urban Agenda, which explicitly addresses air, water, marine and noise pollution as well as the sustainable use of land; (Comment: Deleted words because they seem limiting or superfluous.) 11. UNDERLINES that in order to achieve concrete results in terms of a global reduction in pollution, we must make fundamental changes in the way our societies ***produce*** and consume goods and services, including promoting circular economy, sustainable financing, ecoinnovation, sustainable material management, integrated life-cycle approaches, and the development of new technologies and business models aiming at achieving a resourceefficient and low-carbon economy; and URGES UNEA-3 to highlight these approaches and engage all stakeholders in the exchange of best practices and expertise; 12. LOOKS FORWARD to the adoption of an ambitious, concise and action-oriented ministerial declaration of UNEA-3, which expresses the political commitment of all UN Member States 1 Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (OJ L 344, 17.12.2016, p. 1–31). 11917/17 ATR/dk 5 ANNEX DG E 1A LIMITE EN to tackle pollution, including transboundary pollution, sets out a clear framework for action for UNEP and UN Member States and incentivises stakeholders, to be followed up by future UNEAs; 13. UNDERLINES the importance of sending a strong signal to the world, that UN Member States and the stakeholders will take and strengthen joint actions towards reducing pollution in the coming years; ENCOURAGES the private (Comment: UNEP ED Erik Solheim substantial emphasis on the engagement of the private sector in achieving environmental improvement. Reading through the draft conclusions, the private sector is of course mentioned, but mainly as part of listings including also civil society and other actors. We suggest that it is considered to include a specific paragraph welcoming and further encouraging the leadership shown by the private sector – both investors and solution providers - in promoting sustainable technologies, a circular economy and clean, renewable energy sources. If preferred, we will of course be most willing to draft a concrete text proposal.), including financial, sector and civil society to show leadership; and STRESSES that to achieve significant progress, ambitions must be set high; 14. WELCOMES UNEP's initiative, in the context of UNEA-3, to call for meaningful voluntary pledges and commitments to take action towards preventing and reducing pollution, as such commitments will constitute a crucial part of UNEA-3 outcomes and strengthen its actionoriented nature; ENCOURAGES (Comment: Perhaps better “Welcomes” (it is written in past tense.)) the initiatives taken by governments, local authorities, academia, businesses and civil society; and CALLS UPON all UN Member States, relevant UN bodies, civil society and private sector leaders to demonstrate their global ambition and solution-oriented action before, during and after UNEA-3 towards a pollution free planet; (Comment: Consider as separate paragraph to enhance visibility and effect.) 17. HIGHLIGHTS the importance of lifelong learning and raising public awareness of the environmental challenges in order to stress personal responsibility for the future of our planet and enable people to reduce pollution through better (Comment: It is not just a matter of overconsumption, but also about generally better consumption. It also sounds more positive to say “better.) consumption patterns and act in a sustainable manner; 18. NOTES the standing invitation by the UN General Assembly to the UNEA President to address the session of the High-Level Political Forum on Sustainable Development (HLPF); HIGHLIGHTS the contribution of UNEA in providing policy guidance and defining policy responses to address emerging and persistent environmental challenges in the implementation of the SDGs; STRESSES that pollution prevention and reduction create opportunities for delivering on the 2030 Agenda; and CALLS on UNEA-3 to send clear political messages to inform the detailed review of SDGs 3, (Comment: Important to include goal 3. Target 3,9 is specifically about health effects from pollution. ) 6, 7, 11, 12 and 15 at the HLPF 2018. \_\_\_\_\_\_\_\_\_\_\_\_ 11917/17 ATR/dk 6 ANNEX DG E 1A LIMITE EN GERMANY REAFFIRMING the commitment of the European Union (EU) and its Member States to the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and other key environmental agreements such as the ***Strategic*** ***Plan*** for Biodiversity and its Aichi Targets and the Sendai Framework for Disaster Risk Reduction; NOTING that these multilateral commitments demonstrate the necessity and the capacity of all UN Member States to work in partnership to address global issues; EMPHASIZING also the commitment of the EU and its Member States to work actively in cooperation with other UN Member States, private sector and civil society in spearheading solution-oriented action towards achieving a circular economy (Comment: It is still not clear to us why only the concept of circular economy is highlighted here.) and a successful and effective transition to inclusive sustainable growth; (Comment: Reference to SDG 8.) UNDERLINING that 6.5 million people across the world die prematurely every year from exposure to outdoor and indoor air pollution, 58% of the cases of diarrheal diseases are due to water pollution (Comment: Access to clean water could be granted through better water treatment, but that wouldn’t solve the actual problem of water pollution, it could perhaps be useful to separate these two.) and lack of access to clean water and sanitation, 2 billion people worldwide lack access to solid waste collection, that uncontrolled e-waste management results in severe health and environmental impacts, and that under a business as usual scenario, the weight of plastics may exceed the weight of fish in the oceans by 2050; THE COUNCIL OF THE EUROPEAN UNION 4. WELCOMES the upcoming UNEA-3 under the overarching theme of “Towards a Pollution-Free Planet” with the aim of initiating ambitious, effective and collaborative action towards reducing pollution, and APPRECIATES the work carried out by UNEP to provide scientific information on pollution-related issues and to promote policy coherence, especially in light of the substantial input from the Report of the Executive Director of UNEP on the theme of UNEA-3; 5. EMPHASIZES the utmost importance of concerted and ambitious action and wide international mobilization to tackle pollution, taking into account the links with climate change, in order to reduce adverse effects on ecosystems, biodiversity and living species, human health and well-being, and, as a consequence, on social justice, food security and economic growth; 6. UNDERLINES (Comment: We would welcome a clearer language on environmental governance for pollution reduction, e.g better implementation of MEAs, strengthened institutions etc. ( see draft UNEA Ministerial Declaration.)) the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote cross-linkages and seek further synergies through relevant UN agencies, MEAs and other initiatives and INVITES UNEA-3 to mandate UNEP to set up a framework and followup actions for reducing pollution; 11917/17 ATR/dk 7 ANNEX DG E 1A LIMITE EN 7. UNDERLINES (Comment: We welcome that the precautionary principle and polluter pays are mentioned in the council conclusions. Focusing on these two principles seem to be sufficient, given the focus on „pollution“. If the conclusions should be broadened to include more general aspects of environmental policy, we could also reference the principles of EU environmental policy that are outlined in Art 191 TFEU.) the primacy of prevention in addressing pollution; RECALLS in this respect the precautionary principle where there is a risk of serious or irreversible damage and REAFFIRMS the polluter-pays principle and the need for its effective implementation; 8. STRESSES the need to develop and implement solutions and take urgent action to reduce air pollution, soil pollution, marine pollution, (Comment: Note: this para speaks of „fresh water“ while others just mention „water“. Perhaps it would be useful to apply a consistent language.) water pollution, improve management of chemicals and waste and address nutrient pollution, and HIGHLIGHTS the need for a sound governance of these processes; 9. CALLS FOR setting up clear actions and measures to deal with issues that have adverse impacts to health, such as e.g emerging pollutants, antimicrobial resistance, or hazardous pesticides and fertilizers and RECOGNIZES the potential and benefits for health and wellbeing in protecting and restoring ecosystems; 10. HIGHLIGHTS the importance of joint action to combat air pollution and climate change by ensuring a coherent approach on these policies; (Comment: Dealt with in last subsection of this OP, as well as in a generic way in the chapeau and OP 3.) EMPHASIZES the need for all countries to commit to monitor air quality status and development, set ambitious air quality goals, and put in place policies and measures for relevant sectorsCALLS UPON all UNECE (Comment: The Convention on Long-range Transboundary Air Pollution (CLRTAP) is a regional convention and not open to accession by countries outside the UN Economic Commission for Europe (UNECE) region. The same holds true for its Protocols.) Member States to fully implement the LRTAP Convention and the revised Protocols to it, (Comment: Besides the Gothenburg Protocol, also the Heavy Metal and the Protocol on persistent organic pollutants have been revised and are relevant in this respect.) and promote cooperation of the Convention with similar regional fora globally; (Comment: the EU should recommend to other world regions to establish their own regional policy fora on air pollution abatement, taking the CLRTAP as a model.) ; and STRESSES the relevance to maximise synergies between policies on air and policies on climate change mitigation, biodiversity, health, transport, energy and ***agriculture***, REALISING (Comment: Synergies with climate policies is only one example. ) that the implementation of the Paris Agreement on Climate Change greatly contributes to tackling air pollution; 11917/17 ATR/dk 8 ANNEX DG E 1A LIMITE EN 11. STRESSES the need to develop specific and oriented actions towards the prevention and reduction of marine pollution of all kinds, i.e marine litter, particularly plastics and microplastics, as well as pollution caused by nutrients and hazardous substances (Comment: When tackling marine litter we need to cover all relevant sources/components, even if plastics seem to be to most challenging one; additionally marine pollution must in no way be defined as the consequence of marine litter input only. Substances are not visible but do definitely also harm marine ecosystems in a significant way (toxic impact on living marine resources; (partially toxic) algae blooms etc.,) (corresponds to amendment to No. 5)) in line with our strong commitment to conserve and sustainably use our oceans, seas and marine resources; and CALLS for the development and adoption of incentives to phase-out micro-plastics from key sources identified and to reduce the use of plastics; [NEW PARA on soil pollution] (Comment: We suggest considering the addition of a new para on soil pollution given that all other environmental media and pollution types.) 8bis. EMPHAZISES the importance of ensuring good water quality in surface and groundwater bodies for achieving sustainable development and the need to implement measures to improve regular monitoring and assessment of water quality of water bodies and to reduce water pollution as far as possible through effective measures at source and by accelerating efforts to reduce the share of waste water released to the environment without any or insufficient treatment. 9. EMPHASIZES the important role that sustainable chemistry plays in reducing adverse impacts to human health from hazardous chemicals, transitioning to a circular economy as well as achieving other goals of the 2030 Agenda; and URGES the Commission and the Member States to increase awareness and knowledge of hazardous substances and replace hazardous chemicals with safe alternatives; 10. UNDERLINES the necessity to engage municipalities in local ***programs*** to reduce pollutions in cities and assist in forging dedicated alliances to promote best practices, technological innovations and good governance schemes; and CALLS for the implementation of the New Urban Agenda, which explicitly addresses air, water, marine and noise pollution, the need for sustainable solid waste management as well as the sustainable use of land; 11. UNDERLINES that in order to achieve concrete results in terms of a global reduction in pollution, we must make fundamental changes in the way our societies ***produce*** and consume goods and services, including promoting circular economy and reduce-reuse-recycle approaches, sustainable financing, eco-innovation, sustainable material management, integrated life-cycle approaches, and the development of new technologies and business models aiming at achieving a resource-efficient and low-carbon economy; and URGES UNEA-3 to highlight these approaches and engage the stakeholders in the exchange of best practices and expertise; 12. LOOKS FORWARD (Comment: Perhaps “looks forward” could be replaced through a more action-oriented wording such as “is committed”.) to the adoption of an ambitious, concise and action-oriented ministerial declaration of UNEA-3, which expresses the political commitment of all UN Member States to tackle pollution, including transboundary pollution, and sets out a clear framework for action for UNEP and UN Member States, to be followed up by future UNEAs; 11917/17 ATR/dk 9 ANNEX DG E 1A LIMITE EN 13. UNDERLINES the importance of sending a strong signal to the world, that UN Member States and the stakeholders will take and strengthen joint actions towards reducing pollution in the coming years; ENCOURAGES the private sector and civil society to showcase best practice and step up innovation; (Comment: We suggest rephrasing this – since UNEA is a ministerial conference it should be the countries who show leadership and enable the private sector and civil society to engage in their own ways. Perhaps this sentence could also be deleted altogether because (old) para 14 also includes this though.) and STRESSES that to achieve significant progress, ambitions must be set high; (Comment: We would suggest deleting or rephrasing this sentence as the message is very generic and it is not clear whose ambition should be high.) 14. WELCOMES UNEP's initiative, in the context of UNEA-3, to call for meaningful voluntary pledges and commitments to take action towards preventing and reducing pollution, as such commitments will constitute a crucial part of UNEA-3 outcomes and strengthen its actionoriented nature; ENCOURAGES the initiatives (Comment: Not clear: encourages the initiatives to do what? ) taken by governments, local authorities, businesses and civil society and academia; and CALLS UPON all UN Member States, relevant UN bodies, civil society and private sector leaders to demonstrate their global ambition and solution-oriented action before, during and after UNEA-3 towards a pollution free planet; 15. COMMITS as a voluntary action by the EU and its Member States in the context of UNEA-3, to [Placeholder: for instance supporting research and innovation efforts globally; Private sector engagement, business leadership, industry initiatives; developing a functional and cooperative circular economy platform, a commitment on plastics, chemical legislation and the development of an ambitious non-toxic strategy, reduce eutrophication]; 16. EMPHASIZES the importance of communicating the outcomes of UNEA-3 to the broader public in an appealing and accessible manner, so that every person can understand the importance of reducing the negative impact of pollution and how this will benefit their health, welfare and living environment, thereby conveying the role of UNEA in making a significant, positive difference to the planet and to people's everyday lives; 17. HIGHLIGHTS the importance of lifelong learning and raising public awareness of the environmental challenges in order to stress personal responsibility for the future of our planet and enable people to adopt sustainable lifestyle options (Comment: We suggest framing this aspect in a more positive manner.) ; 11917/17 ATR/dk 10 ANNEX DG E 1A LIMITE EN SPAIN We would be very grateful if you take into account the following changes in point 4: 4. UNDERLINES the primacy of prevention in addressing pollution; RECALLS in this respect the precautionary principle where there is a risk of serious or irreversible damage and REAFFIRMS the polluter-pays principle and the need for its effective implementation; Rationale: the precautionary principle is applicable for environmental matters in general and it is not necessary to limit it or to trigger its use only when certain criteria that has not been developed on the seriousness or irreversibility is fulfilled. We propose to delete the mentioning of seriousness or irreversibility damage. 11917/17 ATR/dk 11 ANNEX DG E 1A LIMITE EN FRANCE REAFFIRMING the commitment of the European Union (EU) and its Member States to the comprehensive and integrated implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and other key environmental agreements such as the ***Strategic*** ***Plan*** for Biodiversity and its Aichi Targets and the Sendai Framework for Disaster Risk Reduction; NOTING that these multilateral commitments demonstrate the necessity and the capacity of all UN Member States to work in partnership to address global issues; (Comment: Separate this paragraph from the Agenda 2030 as you cannot put circular economy at the same level of which is only one aspect of it.)RECALLING the Council Conclusions “A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development” of 20 June 2017 3 as an important step towards achieving SDGs in a balanced and integrated way; EMPHASIZING also the commitment of the EU and its Member States to work actively in cooperation with other UN Member States, private sector and civil society in spearheading solutionoriented action towards achieving a circular economy and a successful and effective transition to sustainable societies; (Comment: Separate this paragraph from the Agenda 2030 as you cannot put circular economy at the same level of sustainable development which is only one aspect of it.) THE COUNCIL OF THE EUROPEAN UNION 3. UNDERLINES of the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote cross-linkages and seek further synergies through relevant UN agencies, MEAs and other initiatives and INVITES UNEA-3 to mandate UNEP to set up a framework and follow-up actions for reducing pollution; (Comment: Before supporting this paragraph we would need further clarifications. Does that mean that we do not try to adopt a framework at UNEA-3 but set a mandate for UNEA-4?) 5. STRESSES the need to develop and implement solutions and take urgent action to reduce air pollution, soil pollution, marine pollution, fresh water pollution and ensure the sound management of chemicals and waste and HIGHLIGHTS the need for a sound governance of these processes; (Comment: Could you please clarify further this part? Which processes do you refer to?) 6. CALLS FOR setting up clear actions and measures to deal with issues that have adverse impacts to health and the environment, such as emerging pollutants, antimicrobial resistance, endocrine disruptors and the growing use of hazardous pesticides and fertilizers and RECOGNIZES the potential and benefits for health and well-being in protecting and restoring ecosystems; 3 Doc. 10370/17. 11917/17 ATR/dk 12 ANNEX DG E 1A LIMITE EN 7. such as, at EU level the NEC Directive 4, CALLS UPON all UN Member States to join and fully implement the LRTAP Convention and the revised Gothenburg Protocol; and STRESSES that the implementation of the Paris Agreement on Climate Change greatly contributes to tackling air pollution; 9. EMPHASIZES Recognizes the important role of sustainable chemistry and other alternative approaches such as non chemical alternatives in reducing adverse impacts to human health from hazardous chemicals and in transitioning to a circular economy; and URGES the Commission and the Member States to increase awareness and knowledge of hazardous substances and replace hazardous chemicals with safer alternatives, including non chemical alternatives; (Comment: We cannot accept only a reference to sustainable chemistry, which is only one concept among different important ones in the sound management of chemicals and waste.) 10. UNDERLINES the necessity to engage municipalities in local ***programs*** to reduce pollutions in cities and assist in forging dedicated alliances to promote best practices, technological innovations and good governance schemes; and CALLS for the implementation of the New Urban Agenda, which explicitly addresses air, water, marine, soil and noise pollution as well as the sustainable use of land; 11. UNDERLINES that in order to achieve concrete results in terms of a global reduction in pollution, we must make fundamental changes in the way our societies ***produce*** and consume goods and services, including promoting changes in lifestyles, circular economy, sustainable financing, eco-innovation, integrated life-cycle approaches, ecosystem-based approach and the development of new technologies and business models aiming at achieving a resourceefficient and low-carbon economy; and URGES UNEA-3 to highlight these approaches and engage the stakeholders in the exchange of best practices and expertise; 12. LOOKS FORWARD to the adoption of an ambitious, concise and action-oriented ministerial declaration of UNEA-3, which expresses the political commitment of all UN Member States to tackle pollution, including transboundary pollution, and sets out a clear framework for action(Comment: The idea is to set up a framework not only for UNEP and the MS but also the private sector, civil society, etc.) , to be followed up by future UNEAs; 15. COMMITS as a voluntary action by the EU and its Member States in the context of UNEA-3, to [Placeholder: for instance supporting research and innovation efforts globally; Private sector engagement, business leadership, industry initiatives; developing a functio

nal and cooperative circular economy platform, a commitment on plastics, chemical legislation and the development of an ambitious non-toxic strategy]; 4 Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (OJ L 344, 17.12.2016, p. 1–31). 11917/17 ATR/dk 13 ANNEX DG E 1A LIMITE EN 16. EMPHASIZES the importance of communicating the outcomes of UNEA-3 to the broader public in an appealing and accessible manner, so that every person can understand the importance of preventing and reducing the negative impact of pollution and how this will benefit their health, welfare and living environment, thereby conveying the role of UNEA in making a significant, positive difference to the planet and to people's everyday lives; 18. NOTES the standing invitation by the UN General Assembly to the UNEA President to address the session of the High-Level Political Forum on Sustainable Development (HLPF); HIGHLIGHTS the key contribution of UNEA in providing policy guidance and defining policy responses to address emerging environmental challenges in the implementation of the SDGs; STRESSES that pollution prevention and reduction create opportunities for delivering on the 2030 Agenda; and CALLS on UNEA-3 to send clear political messages to inform the detailed review of SDGs 6, 7, 11, 12 and 15 at the HLPF 2018. 11917/17 ATR/dk 14 ANNEX DG E 1A LIMITE EN LITHUANIA First of all, we would like to thank the Presidency for well-prepared and well-balanced revised version of the Council conclusions. Lithuania generally supports the text and agrees that pollution is a pressing global challenge of transboundary nature that needs to be effectively addressed through action at global, regional, national and local levels. Lithuania welcomes the initiative to take urgent action to combat air pollution, reduce marine, fresh water and soil pollution, improve management of chemicals and waste and set up clear actions and measures to deal with issues that have adverse impacts to health and well-being. After careful assessment of the specific provisions we would like to suggest to highlight not only the links with climate change, but also emphasize the adaptation to climate change, by increasing climate resilience to the adverse impacts of climate change on specific sectors: „2. EMPHASIZES the utmost importance of concerted action and wide international mobilization to tackle pollution, taking into account the links with climate change, in order to enhance climate resilience and reduce adverse effects on ecosystems, biodiversity and living species, human health and well-being, and, as a consequence, on social justice, food security and economic growth;“ 11917/17 ATR/dk 15 ANNEX DG E 1A LIMITE EN HUNGARY UNDERLINING that 6.5 million people across the world die prematurely every year from exposure to outdoor and indoor air pollution, 58% of the cases of diarrheal diseases are due to lack of access to clean water and sanitation, 2 billion people worldwide lack access to solid waste management, and that under a business as usual scenario, the weight of plastics may exceed the weight of fish in the oceans by 2050; THE COUNCIL OF THE EUROPEAN UNION 2. EMPHASIZES the utmost importance of concerted action and wide international mobilization to tackle pollution, taking into account also the links with climate change, in order to reduce adverse effects on ecosystems, biodiversity and living species, human health and well-being, and, as a consequence, on social justice, food security and economic growth; 3. UNDERLINES of the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote interlinkages and seek further synergies through relevant UN agencies, MEAs and other initiatives and INVITES UNEA-3 to mandate UNEP to set up a framework and follow-up actions for reducing pollution; 4. UNDERLINES the primacy of prevention in addressing pollution; RECALLS in this respect the precautionary principle and (Comment: precautionary principle is always important, not only in case of risk of serious or irreversible damage…) REAFFIRMS the polluter-pays principle and the need for its effective implementation; 5. STRESSES the need to develop and implement solutions and take urgent action to reduce air pollution, soil pollution, marine and fresh water pollution and improve management of chemicals and waste and HIGHLIGHTS the need for a sound governance of these processes; 6. CALLS FOR setting up clear actions and measures to deal with issues that have adverse impacts to health, such as emerging pollutants, antimicrobial resistance, endocrine disruptors and the growing use of hazardous pesticides and fertilizers and RECOGNIZES the potential and benefits for health and well-being in protecting and restoring ecosystems; (Comment: Strange formulation, clearer language would be better.) 8. STRESSES the need to develop specific and oriented actions towards the prevention and reduction of marine pollution of all kinds, particularly plastics and micro-plastics, in line with our strong commitment to conserve and sustainably use our oceans, seas and marine resources; and CALLS for the development and adoption of incentives to phase-out microplastics from key sources identified and to reduce the use of plastics; (Comment: to reduce wasting plastics (increase reuse and recycling)…or prudent use of plastics.) 11917/17 ATR/dk 16 ANNEX DG E 1A LIMITE EN 13. UNDERLINES the importance of sending a strong signal to the world, that UN Member States and the stakeholders (Comment: strange formulation ( UN MS’s governments and stakeholders ?)) will take and strengthen joint actions towards reducing pollution in the coming years; ENCOURAGES the private sector and civil society to show leadership (Comment: Leadership comparing to what?); and STRESSES that to achieve significant progress, ambitions must be set high; 14. WELCOMES UNEP's initiative, in the context of UNEA-3, to call for meaningful voluntary pledges and commitments to take action towards preventing and reducing pollution, as such commitments will constitute a crucial part of UNEA-3 outcomes and strengthen its actionoriented nature; ENCOURAGES the pollution prevention initiatives taken by governments, local authorities, academia, businesses and civil society; and CALLS UPON all UN Member States, relevant UN bodies, civil society and private sector leaders to demonstrate their global ambition and solution-oriented action before, during and after UNEA-3 (Comment: ???) towards a pollution free planet; 16. EMPHASIZES the importance of communicating the outcomes of UNEA-3 to the broader public in an appealing and accessible manner, so that every person can understand the importance of reducing pollution and thus its negative impacts and how this will benefit their health, welfare and living environment, thereby conveying the role of UNEA in making a significant, positive difference to the planet and to people's everyday lives; 17. HIGHLIGHTS the importance of lifelong learning and raising public awareness of the environmental challenges in order to stress personal responsibility for the future of our planet and enable people to take steps against overconsumption and live in sustainable manner; 11917/17 ATR/dk 17 ANNEX DG E 1A LIMITE EN NETHERLANDS RECALLING (Comment: Acknowledging?) that the United Nations Environment Assembly (UNEA) of the United Nations Environment ***Programme*** (UN Environment) (Comment: If the position of the EU is agreed, we should consider referring to UN Environment (by the time the Council Conclusions are adopted).) is the world's highest-level decision-making body on the environment; RECALLING that UN Environment is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations (UN) system and serves as an authoritative advocate for the global environment; REAFFIRMING the commitment of the European Union (EU) and its Member States to the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and other key environmental agreements such as the ***Strategic*** ***Plan*** for Biodiversity and its Aichi Targets and the Sendai Framework for Disaster Risk Reduction; (Comment: Should we also consider referring to the New Urban Agenda? In particular, this would make sense in relation to the last sentence of the next para.) RECOGNIZING that pollution is a pressing global challenge, often with transboundary (Comment: Pollution can also be very local.)impact and scientifically proven consequences far beyond the environment, having significant negative environmental, economic and social impacts, including on human health and well-being and especially on vulnerable groups; UNDERLINING that 6.5 million people across the world die prematurely every year from exposure to outdoor and indoor air pollution, 58% of the cases of diarrheal diseases are due to lack of access to clean water and sanitation, 2 billion people worldwide lack access to solid waste collection, and that under a business as usual scenario, the weight of plastics may exceed the weight of fish in the oceans by 2050; (Comment: The idea to include reference to pollution impact is okay, but to be able to support any figures, it would be helpful if the sources of those figures can be provided, so we are sure that ministers are referring to sound figures.) THE COUNCIL OF THE EUROPEAN UNION 1. WELCOMES the upcoming UNEA-3 under the overarching theme of “Towards a Pollution-Free Planet” with the aim of initiating effective and collaborative action towards reducing pollution, and APPRECIATES the work carried out by UN Environment to provide scientific information on pollution-related issues and to promote policy coherence, especially in light of the findings presented in the Report of the Executive Director of UNEP on the theme of UNEA-3; 3. UNDERLINES the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote cross-linkages and seek further synergies through relevant UN agencies, MEAs and other initiatives and INVITES UNEA-3 to mandate UN Environment to set up a framework and follow-up actions for reducing pollution; 11917/17 ATR/dk 18 ANNEX DG E 1A LIMITE EN 4. UNDERLINES the primacy of prevention in addressing pollution; RECALLS in this respect the precautionary principle where there is a risk of serious or irreversible damage and REAFFIRMS the polluter-pays principle (Comment: Can we mention also the Extended ***Producer*** Responsibility principle here?) and the need for its effective implementation; 7. HIGHLIGHTS the importance of joint action to combat air pollution and climate change by ensuring a coherent approach on these policies; EMPHASIZES the need to be ambitious in developing and implementing policies on air quality protection and air quality monitoring (Comment: Reference to the NEC Directive seems odd in this place. It also may come across as aiming at revising the Gothenburg Protocol (following from the EU ambition in the NEC directive.)), CALLS UPON all UNECE Member States to fully implement the LRTAP Convention (Comment: Not all MS are party to the CLRTAP.) and the revised Gothenburg Protocol and INVITES all UN member states to join the LRTAP Convention and the revised Gothenburg Protocol; and STRESSES that the implementation of the Paris Agreement on Climate Change greatly contributes to tackling air pollution; 8. STRESSES the need to develop specific and oriented actions towards the prevention and reduction of marine pollution of all kinds, particularly plastics and micro-plastics, in line with our strong commitment to conserve and sustainably use our oceans, seas and marine resources; and CALLS for the development and adoption of incentives to phase-out microplastics from key sources identified and to reduce the production and use of plastics globally; 9. EMPHASIZES the important role that sustainable chemistry plays in reducing adverse impacts to human health from hazardous chemicals and in transitioning to a circular economy; and URGES the Commission and the Member States to increase awareness and knowledge of hazardous substances and replace hazardous chemicals with safe alternatives; 10. UNDERLINES the necessity to engage municipalities in local ***programs*** to reduce pollution in cities and assist in forging dedicated alliances to promote best practices, technological innovations and good governance schemes; and CALLS for the implementation of the New Urban Agenda, which (Comment: We don’t think this is correct, although the agenda does address pollution in a sense.) addresses air, water, marine and noise pollution as well as the sustainable use of land; 11917/17 ATR/dk 19 ANNEX DG E 1A LIMITE EN 11. UNDERLINES that in order to achieve concrete results in terms of a global reduction in pollution, we must make fundamental changes in the way our societies ***produce*** and consume goods and services, including promoting circular economy, sustainable financing (Comment: Eco-innovation, sustainable materials management and integrated life cycle approaches are all elements of promoting a circular economy and could be expanded to even more elements that are important. The message may increase impact if we would make consistent reference to circular economy and sustainable finance, instead of risking to dilute the message.) and the development of new technologies and business models aiming at achieving a resourceefficient and low-carbon economy; and URGES UNEA-3 to highlight these approaches and engage the stakeholders in the exchange of best practices and expertise; 12. LOOKS FORWARD to the adoption of an ambitious, concise and action-oriented ministerial declaration of UNEA-3, which expresses the political commitment of all UN Member States to effectively tackle pollution, including transboundary pollution, and sets out a clear framework for action for UNEP and UN Member States, to be followed up by future UNEAs; 13. UNDERLINES the importance of sending a strong signal to the world, that UN Member States will work together with international organizations and relevant stakeholders (Comment: We may consider to mention more specifically that UN MS will collaborate with all relevant stakeholders from science, business, local and regional authorities, international organizations and civil society.) from science, private sector, local and regional authorities, civil society to initiate and strengthen joint actions towards reducing pollution in the coming years; ENCOURAGES the private sector and civil society to show leadership; and STRESSES that to achieve significant progress, ambitions must be set high; 14. WELCOMES UN Environment's initiative, in the context of UNEA-3, to call for meaningful voluntary pledges and commitments to take action towards preventing and reducing pollution, as such commitments will constitute a crucial part of UNEA-3 outcomes and strengthen its action-oriented nature; ENCOURAGES the initiatives taken by governments, local authorities, academia, businesses and civil society; and CALLS UPON all UN Member States, relevant UN bodies, civil society and private sector leaders to demonstrate their global ambition and solution-oriented action before, during and after UNEA-3 towards a pollution free planet; 16. EMPHASIZES that the outcomes of UNEA-3 (Comment: We would like to stress the importance that the outcomes themselves are communicable, appealing and accessible, rather than the communication afterwards. People should be left with the idea that UNEA is initiating action that will benefit their daily lives and that they can contribute.) should be appealing and understandable, so they can be communicated to the broader public, so that every person can understand the importance of taking action to tackle pollution and how this will benefit their health, welfare and living environment, thereby conveying the role of UNEA in making a significant, positive difference to the planet and to people's everyday lives; 11917/17 ATR/dk 20 ANNEX DG E 1A LIMITE EN POLAND REAFFIRMING the commitment of the European Union (EU) and its Member States to the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and other key environmental agreements such as the ***Strategic*** ***Plan*** for Biodiversity and its Aichi Targets and the Sendai Framework for Disaster Risk Reduction; (Comment: Taking into account the theme of UNEA 3 meeting, “Towards a Pollution-free Planet” and recognition of importance of chemicals and waste issue in UNEA resolutions 1/5 and 2/7, we would like to suggest to add reference to the ***Strategic*** Approach for Chemical Management (SAICM) and the ongoing intersessional process on sound management of chemicals and waste beyond 2020. Agenda 2030 (SDGs goals): includes relevant sustainable development goals and targets which, to be met, will require the sound management of chemicals and waste at all levels.) NOTING that these multilateral commitments demonstrate the necessity and the capacity of all UN Member States to work in partnership to address global issues; EMPHASIZING also the commitment of the EU and its Member States to work actively in cooperation with other UN Member States, private sector and civil society in spearheading solution-oriented action towards achieving a circular economy and a successful and effective transition to sustainable societies; RECALLING the Council Conclusions (Comment: We would like to suggest additional point that recalls 'Council conclusions on the protection of human health and the environment through the sound management of chemicals' adopted on December 2016, that recalling the 2030 Agenda for Sustainable Development (the 2030 Agenda) and its Sustainable Developments Goals (SDGs) and targets, adopted by the United Nations General Assembly (UNGA) on 25 September 2015, and emphasing in particular the commitments to minimize by 2020 the adverse impacts of chemicals and all wastes on human health and the environment by achieving their environmentally sound management throughout their life cycle; substantially reduce, by 2030, the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination; and improve water quality by reducing pollution, eliminating dumping and minimise release of hazardous chemicals and material in water;) “A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development” of 20 June 2017 6 as an important step towards achieving SDGs in a balanced and integrated way; UNDERLINING that 6.5 million people across the world die prematurely every year from exposure to outdoor and indoor air pollution, 58% (Comment: We suggest clarifying that 58% applies to all cases of diarrheal disease in the world.) of the cases of diarrheal diseases are due to lack of access to clean water and sanitation, 2 billion people worldwide lack access to solid waste collection, and that under a business as usual scenario, the weight of plastics may exceed the weight of fish in the oceans by 2050; 6 Doc. 10370/17. 11917/17 ATR/dk 21 ANNEX DG E 1A LIMITE EN THE COUNCIL OF THE EUROPEAN UNION 3. UNDERLINES of the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote cross-linkages and seek further synergies through relevant UN agencies (Comment: We propose to consider adding 'authority' after 'agencies' if there is an intention to refer also to UNEP. UN Environment despite the rebranding is technically recognized as a ***program***, not a separate UN agency. You may wish to consider to underline the importance of other stakeholders (ex. academia, NGO's, Industry.), MEAs and other initiatives and INVITES UNEA-3 to mandate UNEP to set up a framework and follow-up actions for reducing pollution; 6. CALLS FOR setting up clear actions (Comment: The reference to clear actions is not understandable and misleading. We suggest changing wording ex. concrete actions.) and measures to deal with issues that have adverse impacts to health (Comment: health and environment), such as emerging pollutants, antimicrobial resistance, endocrine disruptors and the growing use of hazardous pesticides and fertilizers and RECOGNIZES the potential and benefits for health and well-being in protecting and restoring ecosystems; 7. HIGHLIGHTS the importance of joint action to combat air pollution and climate change by ensuring a coherent approach on these policies; EMPHASIZES the need to be ambitious in developing and implementing policies on air quality protection, with special focus on EU level on the NEC Directive 7, CALLS UPON all UN Member States to fully implement the LRTAP Convention and the revised Gothenburg Protocol; and STRESSES that the implementation of the Paris Agreement on Climate Change greatly contributes to tackling air pollution; 9. EMPHASIZES the important role that sustainable chemistry plays in reducing adverse impacts to human health from hazardous chemicals (Comment: We propose to add words 'and environment' after word 'health' in second line of the paragraph.) and in transitioning to a circular economy; and URGES the Commission and the Member States to increase awareness and knowledge of hazardous substances and replace hazardous chemicals with safe alternatives; 11. UNDERLINES that in order to achieve concrete results in terms of a global reduction in pollution, we must make fundamental changes in the way our societies ***produce*** and consume goods and services, including promoting circular economy, sustainable financing, ecoinnovation, sustainable material management (Comment: We suggest adding the reference to sound chemical and waste management. 'sustainable material management, sound management of chemicals and waste, integrated life-cycle approaches'.), integrated lifecycle approaches, and the development of new technologies and business models aiming at achieving a resource-efficient and low-carbon economy; and URGES UNEA-3 to highlight these approaches and engage the stakeholders in the exchange of best practices and expertise; 7 Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (OJ L 344, 17.12.2016, p. 1–31). 11917/17 ATR/dk 22 ANNEX DG E 1A LIMITE EN 14. WELCOMES UNEP's initiative, in the context of UNEA-3, to call for meaningful voluntary pledges and commitments to take action towards preventing and reducing pollution, as such commitments will constitute a crucial part of UNEA-3 outcomes and strengthen its actionoriented nature; ENCOURAGES the initiatives taken by governments, local authorities, academia, businesses and civil society; and CALLS UPON all UN Member States, relevant UN bodies, civil society and (Comment: We suggest to add science representative ...civil society, science representatives, and private sector leaders...) private sector leaders to demonstrate their global ambition and solution-oriented action before, during and after UNEA-3 towards a pollution free planet; 11917/17 ATR/dk 23 ANNEX DG E 1A LIMITE EN PORTUGAL REAFFIRMING the commitment of the European Union (EU) and its Member States to the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and other key environmental commitments such as the ***Strategic*** ***Plan*** for Biodiversity and its Aichi Targets and the Sendai Framework for Disaster Risk Reduction; NOTING that these multilateral commitments demonstrate the necessity and that it is possible for all UN Member States to work in partnership to address global issues; EMPHASIZING also the commitment of the EU and its Member States to work actively in cooperation with other UN Member States, private sector and civil society in spearheading solution-oriented action towards achieving a circular economy and a successful and effective transition to sustainable societies; THE COUNCIL OF THE EUROPEAN UNION 2. substantially reduce adverse effects on ecosystems services and biodiversity, human health and well-being, and, as a consequence, on social justice, food security and economic growth; 3. UNDERLINES the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote cross-linkages and seek further synergies through relevant UN agencies, MEAs and other initiatives and INVITES UNEA-3 to mandate UNEP to set up a framework and follow-up actions for reducing pollution; 4. UNDERLINES the primacy of prevention in addressing pollution; REAFFIRMS in this respect the precautionary principle and REAFFIRMS the polluter-pays principle and the need for their effective implementation; 5. STRESSES the need to develop and implement solutions and take urgent action to reduce air pollution, greenhouse gases emissions, soil pollution, marine pollution, fresh and groundwater pollution and improve management of chemicals and waste and HIGHLIGHTS the need for a sound governance of these processes; 6. CALLS FOR setting up clear actions and measures to deal with issues that have adverse impacts on human, animal and plant health, such as emerging pollutants, antimicrobial resistance, endocrine disruptors and the growing use of hazardous pesticides and fertilizers and RECOGNIZES the potential and benefits for health and well-being in protecting and restoring ecosystems; 11917/17 ATR/dk 24 ANNEX DG E 1A LIMITE EN 11. UNDERLINES that in order to achieve concrete results in terms of a global reduction in pollution, we must make fundamental changes in the way our societies ***produce*** and consume goods and services, including promoting circular economy, sustainable financing, ecoinnovation, sustainable material management, integrated life-cycle approaches, and the development of new technologies and business models aiming at achieving a resourceefficient (low waste production, including plastics) and low-carbon economy; and URGES UNEA-3 to highlight these approaches and engage the stakeholders in the exchange of best practices and expertise; 11917/17 ATR/dk 25 ANNEX DG E 1A LIMITE EN FINLAND RECALLING the Council Conclusions “A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development” of 20 June 2017 8 as an important step towards achieving the SDGs in a balanced and integrated way; THE COUNCIL OF THE EUROPEAN UNION 1. WELCOMES the upcoming UNEA-3 under the overarching theme of “Towards a Pollution-Free Planet” with the aim of initiating effective and collaborative action towards reducing pollution, and APPRECIATES the work carried out by UNEP (Comment: Use UN Environment throughout the text as a sign of EU’s support for the use of that name, as outlined in our LTT.) to provide scientific information on pollution-related issues and to promote policy coherence, especially in light of the substantial input from the Report of the Executive Director of UNEP on the theme of UNEA-3; 2. EMPHASIZES the utmost importance of concerted action and wide international mobilization to tackle pollution, taking into account the links with climate change, in order to reduce adverse effects on ecosystems, biodiversity and living species, human health and well-being, and, as a consequence, on social justice, food security and economic growth; 3. UNDERLINES the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote cross-linkages and seek further synergies through relevant UN agencies, multilateral environmental agreements and international initiatives (Comment: MEAs are not initiatives. Therefore “other initiatives” is not good phrasing.) and INVITES UNEA-3 to mandate UNEP to set up a framework (Comment: Framework for what? The purpose of the framework is dual and the first part is missing an objective.) for and follow-up of actions for reducing pollution; 4. UNDERLINES the primacy of prevention in addressing pollution; RECALLS (Comment: Can we just simply recall a principle or should we recall application of this principle?) in this respect the precautionary principle where there is a risk of serious or irreversible damage and REAFFIRMS the polluter-pays principle and the need for its effective implementation; 5. STRESSES the need to develop and implement solutions and take urgent action to reduce air pollution, soil pollution, marine pollution, fresh water pollution and improve management of chemicals and waste and HIGHLIGHTS the need for a sound governance of these processes; (Comment: We are now missing the need to “address regulatory gaps in existing frameworks to control pollution in an integrated way” which FI suggested to include in para 3. of the previous version. However, since the need for sound governance is recognised here together with the need to enhance international coordination and synergies (in para 3.), we can accept this. FI would like to see these components remain quite clear in the conclusions.) 8 Doc. 10370/17. 11917/17 ATR/dk 26 ANNEX DG E 1A LIMITE EN 6. CALLS FOR setting up clear actions and measures (Comment: Agree on the content but should we clarify who do we call for setting the actions and measures up? Do we call for global response on these issues? Do we call for UN Member States? Or do we call for commonly agreed framework leading to actions and measures on national level?) to deal with issues that have adverse impacts to health, such as emerging pollutants, antimicrobial resistance, endocrine disruptors and the growing use of hazardous pesticides and fertilizers and RECOGNIZES the potential and benefits for health and well-being in protecting and restoring ecosystems; 7. HIGHLIGHTS the importance of joint action to combat air pollution and climate change by ensuring a coherent policy approach on these issues; EMPHASIZES the need to be ambitious in developing and implementing policies on air quality protection, with special focus on EU level on the NEC Directive 9, CALLS UPON all UN Member States to fully implement the LRTAP Convention and the revised Gothenburg Protocol; and STRESSES that the implementation of the Paris Agreement on Climate Change greatly contributes to tackling air pollution; (Comment: Should the importance of Paris Agreement be highlighted more widely than just as a contributor to tackling of air pollution?) 9 Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (OJ L 344, 17.12.2016, p. 1–31). 11917/17 ATR/dk 27 ANNEX DG E 1A LIMITE EN SWEDEN REAFFIRMING the commitment of the European Union (EU) and its Member States to the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs), including the Addis Abeba Action Agenda on financing for development (Comment: Propose to mention these together since AAAA is the financing mechanism for the 2030 Agenda. ), the Paris Agreement on Climate Change and other key environmental agreements such as the ***Strategic*** ***Plan*** for Biodiversity and its Aichi Targets and the Sendai Framework for Disaster Risk Reduction; NOTING that these multilateral commitments demonstrate the necessity and the capacity of all UN Member States to work in partnership to address global issues; EMPHASIZING also the commitment of the EU and its Member States to work actively in cooperation with other UN Member States, private sector and civil society in spearheading solution-oriented action towards achieving a circular economy and a successful and effective transition to sustainable societies; UNDERLINING that 6.5 million people across the world die prematurely every year from exposure to outdoor and indoor air pollution, 58% of the cases of diarrheal diseases are due to lack of access to clean water and sanitation, 2 billion people worldwide lack access to solid waste collection, and that under a business as usual scenario, the weight of plastics may exceed the weight of fish in the oceans by 2050,poisonings from industrial and ***agricultural*** chemicals corresponds to 1.6% of the total deaths worldwide which are among the top five leading causes of death; (Comment: Data from WHO.) THE COUNCIL OF THE EUROPEAN UNION 1. WELCOMES the upcoming UNEA-3 under the overarching theme of “Towards a Pollution-Free Planet” with the aim of initiating effective and collaborative action towards reducing pollution, and APPRECIATES the work carried out by UNEP to provide scientific information on pollution-related issues and to promote policy coherence, especially in light of the substantial input from the Report of the Executive Director of UNEP on the theme of UNEA-3; 2. EMPHASIZES the utmost importance of concerted action and wide international mobilization to tackle pollution, taking into account the links with climate change, in order to reduce adverse effects on biodiversity, (Comment: Linguistics, since BD is broader than ecosystems according to CBD-definitions.) ecosystems, and living species, human health and well-being, and, as a consequence, on social justice, food security and economic growth; 3. UNDERLINES the need to further strengthen and enhance international and regional cooperation to successfully address pollution in an integrated way from the source to the sea (Comment: It is important the stress the integrated water and ocean management in regards of pollution.), promote cross-linkages and seek further synergies through relevant UN agencies, MEAs and other initiatives and INVITES UNEA-3 to mandate UNEP to set up a framework and follow-up actions for reducing and preventing pollution; 11917/17 ATR/dk 28 ANNEX DG E 1A LIMITE EN 5. STRESSES the need to develop and implement solutions and take urgent action to reduce pollution in air, soil, oceans and fresh water (Comment: Less repetitive.)and improve management of chemicals and waste and HIGHLIGHTS the need for a sound and integrated (Comment: It’s important that the management is integrated throughout the whole chain or flow of the chemicals and waste.) governance of these processes with defined responsibilities; (Comment: Its important that the responsibility is clearly defined to secure that action is not carried out due to uncertainties.) 7. HIGHLIGHTS(Comment: Changes in para 7 are made together with DE and CION.) (Comment: Dealt with in last subsection of this OP, as well as in a generic way in the chapeau and OP 3.)EMPHASIZES the need for all countries to commit to monitor air quality status and development, set ambitious air quality goals, and put in place policies and measures for relevant sectors(Comment: See LTT on air pollution.), (Comment: Agree that this is a/the central instrument for implementing long-term emission reductions in the EU; but may be too inward-looking for “EU priorities for UNEA-3…? Suggest to delete here. ) CALLS UPON all UNECE (Comment: The Convention on Long-range Transboundary Air Pollution (CLRTAP) is a regional convention and not open to accession by countries outside the UN Economic Commission for Europe (UNECE) region. The same holds true for its Protocols. ) Member States to fully implement the LRTAP Convention and the revised Protocols to it, (Comment: Besides the Gothenburg Protocol, also the Heavy Metal and the Protocol on persistent organic pollutants have been revised and are relevant in this respect. ) and promote cooperation of the Convention with similar regional fora globally; (Comment: Based on the LTT on air pollution, the EU should recommend to other world regions to establish their own regional policy fora on air pollution abatement, taking the CLRTAP as a model.) and STRESSES the relevance to maximise synergies between policies on air and policies on climate change mitigation, biodiversity, health, transport, energy and ***agriculture***, REALISING (Comment: See LTT on air pollution; synergies with climate policies is only one example.) that the implementation of the Paris Agreement on Climate Change greatly contributes to tackling air pollution; (Comment: This may be a bit long, but is a specification of the general principle that synergies should be sought for and used.) 11917/17 ATR/dk 29 ANNEX DG E 1A LIMITE EN 8. STRESSES the need to REAFFIRMING the commitment of the European Union (EU) and its Member States to the Our ocean, our future: call for action declaration adopted at the UN Ocean Conference, (Comment: Text from Call for action: Accelerate actions to prevent and significantly reduce marine pollution of all kinds, particularly from land-based activities, including marine debris, plastics and microplastics, nutrient pollution, untreated wastewater, solid waste discharges, hazardous substances, pollution from ships) WELCOMING the voluntary commitments against marine pollution made at the conference, (Comment: More than 540 voluntary commitments related to target 14.1 on marine pollution were made in connection with The Ocean Conference.) TAKING INTO ACCOUNT the outcome of the partnership dialogue 1, addressing marine pollution and (Comment: This text could be mowed to the chapeau as well.) STRESSES the need to accelerate and develop specific and oriented actions towards the prevention and reduction of marine pollution of all kinds, particularly from land based activities, (Comment: It’s of high importance to link the work on land with the ocean governance.) including nutrient pollution, untreated wastewater, solid waste discharges, hazardous substances (Comment: SE sees the need to in a ten year perspective to have a focus also on other kinds of pollution to the marine environment having severe impact. This is also in line with the working draft on a EU suggested resolution. ) and in particularly including marine litter, plastics and micro-plastics, in line with our strong commitment to conserve and sustainably use our oceans, seas and marine resources; and CALLS for the development and adoption of incentives to phase-out micro-plastics from key sources identified and to reduce the use of plastics 9. Welcomes the entry into force of the Minamata Convention to control the anthropogenic releases of mercury throughout its lifecycle and CALLS on all UN Member States to ratify the convention and fully work towards its effective implementation to protect human health and the environment from the adverse effects of mercury. (Comment: The Minamata Convention is the first Environment Convention adopted in mora than 10 years and has a clear purpose of reducing pollution from one of the most problematic/hazardous substances. The EU were strong supporters. Hence it should be reflected in the Minister’s messages/CC to UNEA-3, also to keep momentum after the first COP of the Minamata Convention.) 10. RECOGNIZES that chemicals can contribute significantly to the well-being of society, sustainable development. However, they can pose a threat if not managed in a sound manner throughout their life cycle. The global production, use of and trade in chemicals are increasing with growth patterns placing an increasing burden on developing countries. (Comment: Well aware of the quite extensive proposal we find it important to highlight this global challenges of production and trade. Proposal hence built on agreed language from UNEA 1/5 and annex in saicm beyond 2020.) EMPHASIZES the important role of sustainable management of chemicals and waste including sustainable (Comment: Need to insert the connection to the broader sound management of chemicals and waste. ) chemistry plays in reducing adverse impacts to human health from hazardous chemicals and in transitioning to a circular economy; and URGES the Commission and the Member States to increase knowledge of hazardous substances and information exchange on chemicals in products, and replace hazardous chemicals with safe alternatives; (Comment: Information exchange about chemicals in products is prerequisite for circular economy as well as to spread knowledge on chemicals in products and substitute hazardous substances.) 11917/17 ATR/dk 30 ANNEX DG E 1A LIMITE EN 15. COMMITS as a voluntary action by the EU and its Member States in the context of UNEA-3, to [Placeholder (Comment: For common EU pledges? A question for discussion at WPIEI Global could be how we proceed, weighing the need of potential new EU pledges vs already existing ones.): for instance supporting research and innovation efforts globally; Private sector engagement, business leadership, industry initiatives; developing a functional and cooperative circular economy platform, a commitment on plastics, chemical legislation and the development of an ambitious non-toxic strategy]; 16. EMPHASIZES the importance of communicating the outcomes of UNEA-3 , (Comment: Would benefit both UNEA and the Council meeting if we already at this stage could be more concrete, which is the purpose of the amendment.) on the decisiveness of the world’s environment ministers to take action combatting pollution, to the broader public in an appealing and accessible manner, so that every person can understand the importance of reducing the negative impact of pollution and how this will benefit their health, welfare and living environment, thereby conveying the role of UNEA in making a significant, positive difference to the planet and to people's everyday lives; 17. HIGHLIGHTS the importance of lifelong learning and raising public awareness of the environmental challenges in order to stress personal responsibility for the future of our planet and enable people to take steps against overconsumption and act in sustainable manner; 18. NOTES the standing invitation by the UN General Assembly to the UNEA President to address the session of the High-Level Political Forum on Sustainable Development (HLPF); HIGHLIGHTS the contribution of UNEA in providing policy guidance and defining policy responses to address emerging environmental challenges in the implementation of the SDGs; STRESSES that pollution prevention and reduction create opportunities for delivering on the 2030 Agenda; and CALLS on UNEA-3 to send clear political messages to inform the detailed review of SDGs 6, 7, 11, 12 and 15 at the HLPF 2018. 11917/17 ATR/dk 31 ANNEX DG E 1A LIMITE EN COMMISSION REAFFIRMING the commitment of the European Union (EU) and its Member States to the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and other key environmental agreements such as the ***Strategic*** ***Plan*** for Biodiversity and its Aichi Targets and the Sendai Framework for Disaster Risk Reduction (Comment: These are not environmental agreements in the strict (legal) sense; would be more natural to mention CBD etc.) NOTING that these multilateral commitments demonstrate the necessity and the capacity of all UN Member States to work in partnership to address global issues; EMPHASIZING also the commitment of the EU and its Member States to work actively in cooperation with other UN Member States, the private sector and civil society in spearheading solution-oriented action towards achieving a circular economy and a successful and effective transition to sustainable societies; THE COUNCIL OF THE EUROPEAN UNION 1. WELCOMES the upcoming UNEA-3 under the overarching theme “Towards a Pollution-Free Planet” with the aim of initiating effective and collaborative action towards reducing pollution, and APPRECIATES the work carried out by UNEP to provide scientific information on pollution-related issues and to promote policy coherence, especially as reflected in the Report of the Executive Director of UNEP on the theme of UNEA-3; 2. EMPHASIZES the utmost importance of concerted action and wide international mobilization to tackle pollution, taking into account toxic pollutant cocktails (Comment: While a single pollutant may be relatively harmless, a cocktail of pollutants may be detrimental.) and the synergies with climate change and invasive alien species (Comment: Polluted lands and waters are much more susceptible to invasive alien species, which reinforces the impact of pollution on biodiversity.), in order to reduce adverse effects on ecosystems, biodiversity and living species, human health and well-being, which in turn affects social justice, food security and economic growth; 3. UNDERLINES the need to further strengthen and enhance international cooperation to successfully address pollution in an integrated way, promote cross-linkages and seek further synergies through relevant UN agencies, MEAs and other initiatives, URGES all UN Member States to strengthen the implementation of the ***Strategic*** ***Plan*** for Biodiversity 2010-2020 and its Aichi Targets so that pollutants of all types, including excess nutrients, are not detrimental to ecosystem function and biodiversity; (Comment: Wording of Aichi Target 8.), and INVITES UNEA-3 to mandate UNEP to set up a framework and follow-up actions for reducing pollution (Comment: Key point; might be good to elaborate a bit on the kind of framework and actions we would want.) 4. UNDERLINES the primacy of prevention in addressing pollution; RECALLS in this respect the precautionary principle, in particular where there is a risk of serious or irreversible damage, taking potential synergies into consideration, and REAFFIRMS the polluter-pays principle and the need for its effective implementation; 11917/17 ATR/dk 32 ANNEX DG E 1A LIMITE EN 5. STRESSES the need to develop and implement solutions and take urgent action to reduce the pollution of air, soil, fresh water and the marine and coastal environment, and to improve management of chemicals and waste, and HIGHLIGHTS the need for a sound governance of these processes (Comment: Maybe this could be made more concrete by reference to the need to engage all stakeholders and whole-of-government approach.) ; 6. CALLS FOR setting up (Comment: By whom, where, when?) clear actions and measures to deal with specific issues that have adverse impacts on health, such as emerging pollutants, antimicrobial resistance, endocrine disruptors and the growing use of hazardous pesticides and fertilizers, and RECOGNIZES the potential and benefits for health and well-being in protecting and restoring ecosystems; (Comment: Duplication of para. 2; also reads awkwardly.) 7. HIGHLIGHTS the importance of joint action to combat air pollution (Comment: Dealt with in last subsection of this OP, as well as in a generic way in the chapeau and OP 3.)EMPHASIZES the need for all countries to commit to monitor air quality status and development, set ambitious air quality goals, and put in place policies and measures for relevant sectors (Comment: See agreed LTT on air pollution resolution.) (Comment: Agree that this is a/the central instrument for implementing long-term emission reductions in the EU; but may be too inward-looking for “EU priorities for UNEA-3…? Suggest to delete here.), CALLS UPON all UNECE (Comment: The Convention on Long-range Transboundary Air Pollution (CLRTAP) is a regional convention and not open to accession by countries outside the UN Economic Commission for Europe (UNECE) region. The same holds true for its Protocols.) Member States to fully implement the LRTAP Convention and the revised Protocols to it (Comment: Besides the Gothenburg Protocol, also the Heavy Metal and the Protocol on persistent organic pollutants have been revised and are relevant in this respect.), and promote cooperation of the Convention with similar regional fora globally; (Comment: Based on the LTT on air pollution, the EU should recommend to other world regions to establish their own regional policy fora on air pollution abatement, taking the CLRTAP as a model.) and STRESSES the relevance to maximise synergies between policies on air and policies on climate change mitigation, biodiversity, health, transport, energy and ***agriculture***, REALISING (Comment: See LTT on air pollution; synergies with climate policies is only one example.) that the implementation of the Paris Agreement on Climate Change greatly contributes to tackling air pollution; (Comment: This may be a bit long, but is a specification of the general principle that synergies should be sought for and used.) 11917/17 ATR/dk 33 ANNEX DG E 1A LIMITE EN 8. STRESSES the need to develop (Comment: Who, where, when? ) specific targeted actions towards the prevention and reduction of marine pollution of all kinds, particularly plastics and micro-plastics, in line with our strong commitment to conserve and sustainably use our oceans, seas and marine resources; and CALLS for the development and adoption of incentives to phase-out micro-plastics from key sources identified and to reduce the use of plastics; 9. EMPHASIZES the important role that sustainable chemistry (Comment: Is this a term and a concept that has been agreed and is supported internationally?) plays in reducing adverse impacts on human and environment (Comment: Cf. Article 9 of the revised NEC directive which aims to reduce air pollution impact on human health and also on ecosystem health.) health from hazardous chemicals and in transitioning to a circular economy; and URGES the Commission and the Member States to increase awareness and knowledge of hazardous substances and replace hazardous chemicals with safe alternatives; 11. UNDERLINES that in order to achieve concrete results in terms of a global reduction in pollution, we must make fundamental changes in the way our societies ***produce*** and consume goods and services, including promoting circular economy, sustainable financing (Comment: Of what?), eco-innovation, sustainable material management, integrated life-cycle approaches, and the development of new technologies and business models aiming at achieving a resource-efficient and low-carbon economy; and URGES UNEA-3 to promote these approaches and engage the stakeholders in the exchange of best practices and expertise (Comment: Finally something on UNEA – but not very clear what this would imply.); 12. LOOKS FORWARD to the adoption by UNEA-3 of an ambitious, concise and actionoriented ministerial declaration, which expresses the political commitment of all UN Member States to tackle pollution, including transboundary pollution, and sets out a clear framework for action (Comment: See comment on para. 3 – apart from being 'clear', what to we want the framework to be like?) for UNEP and UN Member States, to be followed up by future UNEAs; 13. UNDERLINES the importance of sending a strong signal to the world, that UN Member States and the stakeholders will take and strengthen joint actions towards reducing pollution in the coming years; ENCOURAGES the private sector and civil society to show leadership; and STRESSES that to achieve significant progress, ambitions must be set high; (Comment: All very vague; could be merged with following para.) 15. COMMITS (Comment: Adapt this para. to procedural requirements of making such commitments, which will not be finally agreed before the Council conclusions are.) to agree, ahead of UNEA-3, specific actions against pollution by the EU and its Member States, with a view to registering relevant voluntary commitments in the context of UNEA-3; 11917/17 ATR/dk 34 ANNEX DG E 1A LIMITE EN 16. EMPHASIZES the importance of communicating the outcomes of UNEA-3 to the broader public in an appealing and accessible manner, so that every person can understand the importance of reducing the negative impact of pollution and how this will benefit their health, welfare and living environment (Comment: Should we not include as well what every person can do – trying to engage as well individual citizens in the task.), thereby conveying the role of UNEA in making a significant, positive difference to the planet and to people's everyday lives; 17. HIGHLIGHTS the importance of lifelong learning and raising public awareness of the environmental challenges in order to stress personal responsibility for the future of our planet and enable people to take steps against overconsumption and act in sustainable manner; (Comment: Relevance for UNEA?)

**Load-Date:** October 30, 2017

**End of Document**



[***São Martinho SA***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P46-P391-JD33-J21J-00000-00&context=1516831)

Brazil Agribusiness Report

July 1, 2017 Saturday

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**Length:** 2128 words

**Highlight:** We believe that São Martinho's share price will market outperform the Bovespa over the coming months. The company remains one of the most profitable sugar and bio-energy companies in Brazil, which we believe results in a valuation premium. Moreover, we believe the company's growth prospects look relatively strong compared to prior years, as we forecast sugar prices to average higher than spot levels. Valuations are also relatively cheap compared to the Bovespa.

**Body**

**Company Core View** We believe that Sao Martinho's share price will market outperform the Bovespa over the coming months. The company remains one of the most profitable sugar and bio-energy companies in Brazil, which we believe results in a valuation premium. Moreover, we believe the company's growth prospects look relatively strong compared to prior years, as we forecast sugar prices to average higher than spot levels. Valuations are also relatively cheap compared to the Bovespa.

**Company OverviewSao Martinho SA** is a Brazil-based company involved in the sale and production of sugar and ethanol. It is also engaged in electricity generation, cattle breeding and international goods trading. The company grows roughly 70% of the sugar cane it uses, and purchases the rest from third-party sources. Most of this is grown in Brazil's Centre South region. The company has subsidiaries across various sectors, such as sugar and ethanol production and real estate. **Strengths** One of the most profitable sugar ***producers*** in Brazil. Excellent logistical operations as the company's mills are located close to rail lines and the port of Santos (the country's largest sugar-exporting port). Very high capacity utilisation and mechanisation when compared with the rest of the industry. Has the ability to mix between sugar and ethanol depending on pricing dynamics for either. **Weaknesses** Susceptible to changes in domestic ethanol and global/local sugar prices, as well as to changes from currency effects and weather patterns. The company forward-sells most, but not all, of its sugar. Earnings are seasonal due to the nature of the Brazilian sugar harvest, leading to some quarters recording negative cash flow. Has high debt levels in comparison to recent quarters. **Opportunities** Sugar consumption growth, particularly in Asia, is showing strong potential in the medium term. Current low valuations of sugar mills in Brazil provide Sao Martinho with potentially cheap acquisition targets. Depreciation of the *real* could increase domestic earnings from sugar. The company forward-hedges sugar in US dollar terms. **Threats** Seasonal delays and other problems at the port of Santos could erode the company's credibility. Environmental concerns have remained prominent in Brazil. Increased regulation could lead to higher fixed costs for ***agricultural*** ***producers*** in the coming years, eroding profitability. A poor outlook for Brazil's economy in 2017 could weigh on the company's valuations and, subsequently, its share price performance.

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| Performance To Improve |
| Select Companies - One Year USD Share Price Performance (%) |
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| *Note: Performances as of July 27. Sources: BMI, Bloomberg* |

**Earnings Analysis** Using current accounting criteria, and including the pro forma statements related to Sao Martinho's purchase of **Petrobras**' **Nova Fronteira Bioenergia** (NF), Sao Martinho recorded consolidated sales of BRL894mn in Q417 and BRL3.4bn in FY17. This represents a 9% and 10% increase year-on-year. For both Q417 (which ended in June 2017) and FY17, the main reason for the increased sales was the consolidated sugar division, where sales increased by over 30%. By contrast, all other divisions saw declining sales over that time. The sales increase for the sugar division reflected both an increase in average prices as well as sales volume. By contrast, the company's ethanol division suffered due to reduced volumes related to a crop shortfall, as well as increased imports, which reduced prices. Earnings also saw an increase by around 9% on a year-on-year basis (both Q4 and FY17).

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| Volatile Earnings |
| Select Companies - Trailing 12-Month EPS (Local Currency) |
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| *Sources: BMI, Bloomberg* |

We anticipate similar dynamics continuing in H118. In particular, we are relatively optimistic regarding the white sugar sector in Brazil while downbeat on the ethanol sector - the latter suffering from high imports and policy changes on the horizon. The company expects to crush more sugarcane during the 2017/18 crop year, mainly due to improved weather. Regarding production mix, we agree that the company should continue to favour white sugar over ethanol. Finally, the company's hedges for both the Brazilian *real* and sugar prices remain in place. Roughly 70% of the company's upcoming sugar harvest is being hedged at USc20/lb (nearly 30% above spot prices), while the BRL hedges come in around BRL3.52. Both of these hedges will be advantageous to the company as we believe sugar prices will remain below USc20/lb while the *real* will remain above BRL3.52.

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| Prices To Remain Weak For Now |
| Brazil - CEPEA ESALQ Ethanol Fuel Sao Paulo Weekly BRL/litre |
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| *Sources: BMI, Bloomberg* |

**Company Strategy** Sao Martinho will concentrate on maintaining its position as the most profitable sugar and ethanol ***producer*** in Brazil over the coming years. This will be done through a number of means: Firstly, Sao Martinho ***plans*** to expand its businesses through ***strategic*** acquisitions, partnerships and new projects; Secondly, management wants to improve its efficiency through additional technology 'that includes all ***agricultural***, industrial and logistics and its processes'; And finally, the company wants to expand its share of the international sugar and ethanol markets.Currently, the company has several major attributes which we believe contribute to its profitability outperformance over rivals: Sao Martinho owns 70% of the sugarcane plantations it utilises. Its operations have a traditionally high mechanisation rate. Its operations are strategically located near railroads and ports, avoiding poor infrastructure. The company has a particularly strong track record regarding its commodities' prices and currency hedging positions.

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| CAPEX Remains Strong |
| Sao Martinho - CAPEX (BRLmn) |
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| *Note: Q212-Q113 data unavailable. Source: BMI, Bloomberg* |

Previously, Sao Martinho cautioned against major mergers and acquisitionsactivity as debt levels were elevated ( *see'SaoMartinho Global Company Strategy',March 242017*). However, earnings have increased in recent quarters and debt levels have fallen to levels closer to management's preferred levels, allowing for additional acquisitions. The company's net debt (in local currency terms) has been falling in year-on-year terms. Sao Martinho's net debt/adjusted EBITDA ratio currently stands at 1.55x in Q417, lower than Q315 (3.14x) but higher than Q312 (1.3x). Having paid off USD-denominated debt in recent years, the company now only has BRL-denominated loans due over the coming years, with no debt due until 2018 and then 2021.

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| Deleveraging According To Strategy |
| Sao Martinho - Net Debt/EBIT |
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| *Sources: BMI, Bloomberg* |

Given our expectation of improved earnings over the coming quarters, and the fact that a weakening Brazilian *real* will improve earnings without increasing the debt burden, the company's leverage metrics will improve. Debt will likely remain near the 1.5x level (in line with our previous view), which will help reduce costs of capital. Ordinarily, costs of equity are higher than costs of debt for companies, as the relative uncertainty regarding maturity leads investors to demand a premium.However, this is not the case in Brazil, where many companies (food companies in particular) had higher costs of debt than equity. We believe this is because companies (including Sao Martinho) issued USD-denominated bonds as a result of relatively immature domestic debt markets. The strengthening of the *real* in 2016 has, thus, meant a considerable reduction in debt costs for companies in the Bovespa. In Sao Martinho's case, the previously low costs of equity over recent quarters meant that the company financed the NF acquisition with equity issuances. However, as the cost of debt has now declined, this method of financing is unlikely to continue for future purchases.

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| Cost Of Debt Finally Falls |
| Sao Martinho - Costs Of Capital (%) |
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| *Note: Cost of debt is after tax. Sources: BMI, Bloomberg* |

Finally, Sao Martinho normally hedges the majority of its sugar production. For the 2017/18 season, the company has - as of July xx 2017 - hedged roughly 70% of total production at around USc20/lb. These hedges are being distributed through five contracts along the ICE sugar futures curve out of 2018. Sao Martinho is able to adjust the weighting of its sugar/ethanol mix on an annual basis by 60:40, depending on industry dynamics. Interestingly, unlike Brazilian meat conglomerate **JBS**, Sao Martinho says it only ever hedges against specific market exposures and does not use derivative products to speculate. JBS has ceased this practice after taking heavy losses on bearish *real* positions in recent quarters.

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| Prices Supported Over The Long Term |
| Front-Month ICE Sugar (USc/lb, monthly) & BMI Forecasts |
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| *Sources: BMI, Bloomberg* |

The fact that Sao Martinho has hedged most of its production for the 2017/18 season means it is relatively insulated from low sugar prices. However, this state of affairsis temporary as the company has not yet hedged for 2018/19 and sugar prices will ease further over the coming quarters. Specifically, prices will remain on a downtrend in 2018 as we forecast supply to be ample next year as well. We have revised down our price forecast for 2018 and beyond to account for the recent declines in prices and now expect prices to average USc14.80/lb next year, compared with a previous forecast of USc17.80/lb.Apart from a good harvest in 2017/18, the outlook for production in 2018/19 is also positive, and the market will remain in a surplus. In Brazil, low ethanol prices coupled with *real* depreciation -which we forecast from current levels over 2018 - will incentivise sugar production and exports ( *see 'BRL: Short-Term Strength Will Fade In 2018', July 6*). Meanwhile, import demand in 2018 will be weak, particularly in the EU and China (two traditionally large importers) as production quotas are removed in 2017. Our price forecasts remain below Bloomberg consensus over 2017-2021.

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| Biofuel Policy To Increase Ethanol Market Share |
| Brazil - Ethanol Consumption Under Different Policies (% of volume of fuel sold) |
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| *Note: BAU = Business As Usual. Source: NovaCana* |

Even with lower sugar prices over the coming years, the company could benefit from a rebound in ethanol prices, which would be aided by a new government support ***programme***. Specifically, RenovaBio, a policy support ***programme*** for ethanol, was recently approved for debate in the National Council of Energy Policy. The proposed legislation would act in the following manner: Fossil fuel distributors will be required to offset the carbon content of their sales by purchasing pre-established quantities of bio-fuel and carbon credits from certified ***producers***. Biofuels ***produced*** by each company to be assigned carbon credits in proportion to the expected emissions reductions associated with their use, as compared with gasoline. The requirement to purchase carbon credits to increase gradually up to 2030, until the share of biofuels in the Brazilian energy mix reaches 18%. RenovaBio would drive demand for ethanol in the medium- and long-term, encouraging sugarcane ***producers*** to divert more of their output to ethanol. Given that the NF acquisition will increase Sao Martinho's exposure to the ethanol market, this could provide additional upside to earnings.

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| Close To Key Support |
| Sao Martinho - Share Price (BRL) & RSI (Below) |
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| *Source: BMI, Bloomberg* |

**Share Price AnalysisAnd Valuation**On a valuation basis, Sao Martinho's share price is cheap compared to the Bovespa. On a forward P/E basis, Sao Martinho is trading at 8.2, while the Bovespa is trading at 12. On a P/B basis, the share price also continues to trade at a slight premium in comparison to the Bovespa. On an EV/EBITDA basis, the company continues to trade at a discount to the Bovespa. On a technical basis, the share price has fallen out of the trend channel we highlighted in our previous profile and, in line with a risk we outlined, approached support around BRL15. We anticipate that the share price will hold support at BRL15, breaking above resistance currently at BRL18. Momentum indicators suggest plenty of scope for upward movement in the share price before approaching overbought territory.

**Sao Martinho Financial Results**

|  | **2013** | **2014** | **2015** | **2016** | **2017** |
| --- | --- | --- | --- | --- | --- |
| Revenue, BRLmn | **1,291** | **1,534** | **1,916** | **2,339** | **2,610** |
| Sales Growth, % | -5.5 | 18.8 | 24.9 | 22.1 | 11.6 |
| Net Income, BRLmn | 73.0 | 135.0 | 286.1 | 206.9 | 283.9 |
| Profit Margin, % | 5.6 | 8.8 | 14.9 | 8.8 | 10.9 |
| Operating Income, BRlmn | 202.6 | 260.3 | 423.3 | 412.6 | 581.5 |
| Operating Margin, % | 15.7 | 17.0 | 22.1 | 17.6 | 22.3 |
| Total Debt/EBITDA | 2.7 | 2.8 | 3.6 | 3.4 | 3.0 |
| Interest Coverage Ratio | 2.6 | 2.6 | 2.2 | 1.6 | 2.0 |
| EPS, US$ | 0.2 | 0.4 | 0.8 | 0.6 | 0.8 |
| PE Ratio | 43.8 | 25.8 | 15.2 | 26.4 | 20.5 |

Source: BMI, Bloomberg, Sao Martinho

**Load-Date:** July 28, 2017

**End of Document**



[***-MCIG's wholly owned subsidiary NYACRES, Projects Over $ 10 Million in Revenue in its first year of operation.***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R44-0DR1-JD3Y-Y38H-00000-00&context=1516831)

ENP Newswire

December 6, 2017 Wednesday

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**Length:** 1389 words

**Body**

LAS VEGAS, NV- mCig, Inc. ( OTCQB : MCIG ), a diversified company servicing the legal cannabis markets, is pleased to report that its wholly owned subsidiary, NYAcres, Inc., is focused on hemp propagation, production, research, and distribution of organic industrial hemp and hemp by-products, projects a total revenue of $ 10 Million in its first year of operation.

With the cultivation process underway, using temperature-controlled greenhouses for propagation, unique and cutting-edge irrigation and proper field preparation for Industrial Hemp planting, using chemical-free pest and mold mitigation, NYAcres expects to harvest 800 plants per acre of the 40-acre farm in the first harvest. In the same season, another 80-acre parcel is ***planned*** for the second harvest, with 800-1000 plants per acre. Rotation of the acreage-parcels will add balance to the farms nutrients, assuring the best soil conditioning. This will translates into approximately $ 90,000 per acre in revenue, or a projected revenue of more than $ 10,000,000 in a first year of operation, where 80% proceeds from sales will be distributed to MCIG and 20% to FarmOn! Foundation. After the 1st harvest, ***plans*** to re-invest into the farm infrastructure, to expand from the initial 40 acres, will only benefit and speed up the ultimate profits. $ 20m annually is a reasonable goal for this project. With New York's current favorable horticultural and economic climate for hemp in place, NYAcres, Inc. is moving aggressively to scale up projects and negotiate deals with Northeast US Farms.

'We look forward to combining our technology, equipment and know-how in the cultivation of a high yield and superior quality organic industrial hemp, contributing to the booming market while getting positioned and taking a foothold.' comments Tessa Edick, CEO of NY Acres, Inc. and Chairwoman of FarmOn! Foundation.

Being that the FarmOn! Foundation and its partnership with SUNY and Cornell College of ***Agriculture*** and Life Sciences, actively research farming in many ways providing young adults the opportunity to learn ***agriculture***, NYAcres first 40-acre harvest will teach many things about growing the farm larger in each season with high-CBD ***producing*** varieties of industrial hemp plants permitted by the State of New York. The success of the farm and high-quality essential oils ***produced*** will generate the ability to ***produce*** innovative new products for the Hemp-based consumer market. Expected to grow 700 times in 2018, the Hemp and CBD Industry is a huge focus of the US ***Agriculture*** Industry. In partnership with FarmOn! Foundation, MCIG will create a ***strategic*** advantage in this exploding market, not only generating a large revenue stream, but also working within the research and development of organic and sustainable farming techniques and nutraceutical, holistic product manufacturing and distribution.

NY acres ***plans*** to bring to the market finished products including CBD-Rich Full Spectrum Essential Oils, Distillate, and Isolate. Also R&D will take place with FarmOn!'s kitchen and culinary skills to develop hemp based CBD products for retail sale or white labeling. Bulk CBD may be offered on the commodity market to CBD product manufacturers. House-made products will wholesale and retail as desired.

'Our Joint Venture with FarmOn! Foundation, puts MCIG in the CBD business in a big way and opens the door for growing, researching, developing, and selling premium hemp and CBD oil, which contains a broad range of cannabinoids used to treat a growing population of CBD oil consumers. MCIG is now strategically positioned in both the fast-growing hemp market as well as the cannabis market.,' comments Paul Rosenberg, CEO of MCIG Inc.

Hemp is a fast growing, high margin closely-related business to the cannabis business growing at a 22% CAGR currently valued at over $ 688 million, and estimated to grow to $ 1.8 billion by 2020 in the USA.

About the FarmOn! Foundation:

FarmOn! Foundation is a 501(3)non-profit organization and public charity that creates and funds youth educational ***programming*** and is working to preserve family farming in America. FarmOn! Foundation is dedicated to bringing awareness to food choices and sources and reinvigorating respect for farming, inspiring young people to choose ***agricultural*** careers to create an economic engine connecting rural and urban marketplaces to rebuild local economies. Join the movement today: [*http://farmonfoundation.org*](http://farmonfoundation.org). MISSION: Inspiring, educating and preparing young adults for successful careers in sustainable farming.

FarmOn! Foundation includes a strong collaboration of professional farmers, educators, influencers, supporters, nutritionists, students, and community leaders who believe in investing in the future of local ***agriculture*** by helping to rebuild local economies, enabling them to be resilient with sustainable ***agriculture***. FarmOn! Foundation partners include SUNY, Cornell University, Google NYC Farm to Table Project, John Varvatos, TasteNY, Bronx Zoo, NYS Department of ***Agriculture*** & Markets, New World Foundation/Local Economies Project, Bloomberg Philanthropies, Christy & John Mack Foundation, Hudson Valley Fresh, Maple Hill Creamery, Yelp, Whole Foods Market, Modern Farmer, NBA, The Walt Disney Company, MLB at Yankees SI, Applegate, Edible Schoolyard Project and LetsMove.org

About MCIG Group (OTCQB:MCIG)

Headquartered in Henderson, Nevada, mCig, Inc. ( OTCQB : MCIG ) is a diversified company servicing the legal cannabis, hemp and CBD markets via its lifestyle brands. mCig, Inc. is committed to being the leading distributor of technology, products, and services to fit the needs of a rapidly expanding industry. mCig, Inc. has transitioned from a vaporizer manufacturer to industry leading large scale, full service cannabis cultivation construction company with its Grow Contractors division currently operating in the rapidly expanding Nevada market.

mCig, Inc. also employs a world renowned technology team and has recently entered the tech space to satisfy its evolving role in technology and in keeping its growing following up to speed.

The company looks forward to growing its core competencies to service the ancillary legal Cannabis, Hemp and CBD markets, with broader expansion to take place once federal laws change. With over seventy five years of experience combined between the key players that make up the Cannabis Grow Contractors Division, mCig Inc. is proud to work with Cannabis Industry leaders and provide broad and rounded solutions for legal growers nationwide.

For more information visit:

About FarmOn! Foundation visit:   [*www.farmon.org*](http://www.farmon.org)

About mCIG visit:   [*www.mciggroup.com*](http://www.mciggroup.com)

About NY Acres:   [*www.NYAcres.com*](http://www.NYAcres.com)

Safe Harbour

Any statements contained in this press release that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any forward-looking statements contained herein are based on current expectations, but are subject to a number of risks and uncertainties. The factors that could cause actual future results to differ materially from current expectations include, but are not limited to, risks and uncertainties relating to the Company's ability to develop, market and sell products based on its technology; the expected benefits and efficacy of the Company's products and technology; the availability of substantial additional funding for the Company to continue its operations and to conduct research and development, and future product commercialization; and the Company's business, research, product development, regulatory approval, marketing and distribution ***plans*** and strategies.

This release contains a non-GAAP disclosure, EBIDTA, which consists of net income plus interest expense, net, provision for income taxes and depreciation and amortization. This term, as the Company defines it, may not be comparable to a similarly titled measure used by other companies and is not a measure of performance presented in accordance with GAAP. The Company uses EBIDTA as a measure of operating performance. EBIDTA should not be considered as a substitute for net income.

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[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** December 6, 2017

**End of Document**



[***OPINION: Hunger games***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S2R-VMK1-F17J-S0V1-00000-00&context=1516831)

Asia News Network

April 8, 2018 Sunday

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**Length:** 1090 words

**Byline:** Arati Joshi

**Body**

Darwin’s law of struggle for existence can be evidenced clearly in the food deficit areas of Sub-Saharan Africa, and South-Eastern and Western Asia. In this modern technical era where people are aiming to settle on the moon, some parts of earth still face the basic problem of food insecurity. While in urban areas people are availing themselves of the most modern of technologies, people in other parts of the world are suffering from hunger and their misery is only increasing. Where the urban population is changing their diet from traditional to healthier low-fat foods, the other part of the global population is craving for the tiniest morsels. Where a part of the world is enjoying an abundance and variety of tastes, the other part is occupied with consoling those mothers who lose their children because of malnutrition. Where a part of the population is spending sleepless nights plagued by hunger, the other part is wasting food that amounts to about 1.3 billion tonnes every year. Where one part is facing the acute problem of malnutrition, the other part is facing a problem of obesity.

**Rising insecurity**

Some of the people in food deficit areas still survive via means of hunting and gathering. The problem is that the urbanised population is destroying these hunting areas due to industrialisation. This adds to the problems that those people in food deficit areas have to face. Unfortunately, most are unable to overcome nutrition deficits and according to estimates, about 36 million have succumbed to malnutrition. Every five seconds, a child under five dies because of hunger, or because of directly related causes. At least those who do die are liberated from the pain that arises from a perennially empty stomach. Malnutrition is a major cause of death. A report revealed that nearly half of all the deaths of children under five are attributable to under-nutrition; this translates to the loss of about 3 million young lives every year.

If we look at the statistics, the number of people who suffer from hunger increased by 75 million in 2007 from the year prior, and by 40 million in 2008. In 2016, the number of people affected by hunger reached 815 million, constituting 11 percent of the global population. Similarly, the number of undernourished people in the world documented a 1.04 time increase from the year 2015 to 2016.

The problem of food insecurity exists not because of the fact that the world does not ***produce*** enough to feed the population. Instead, it arises because the food ***produced*** in one region is not available to those in other areas and because the access to food depends on the ability of people to pay for it. Most of the people in the world face the problem of hunger because they have  a very low purchasing ability. Conflict is another challenge that has evolved as a grave problem that hampers food insecurity. Pakistan, Nigeria, Libya, Somalia, Syria and many other countries are going through the wretchedness of conflict. The conflict in Asia makes it the continent with the most hungry people--two thirds of the total. However, Sub-Saharan Africa is the region with the highest prevalence (percentage of population) of hunger. And climate change has been the gravest challenge to contend with. Climate change is contributing to food insecurity by increasing the temperature, erratic weather patterns, infestation of disease and pests, invasion of weeds, pest and diseases and through many other ways.

**Stepping forward**

The surplus food that is ***produced*** in one region should be made available to those people in the deficit regions. This food should also be accessible to those in even the most disadvantaged groups. To ensure proper access, there is a need of catalysing the development of effective distribution systems and market channels, increasing investment to output markets, and formulating a food security friendly import-export policy.

To solve the problem of food insecurity, we not only should focus on the food system but also on other factors that are related to food security. The attributing factors are women’s education, women’s active participation in ***agricultural*** activities, lifestyle, culture, access to health services, basic sanitation, and others. These factors are positively correlated with food security. As we step towards improving these factors, we step forward for food security.  Empowering women is critical for solving the problem of food insecurity. The Food and ***Agriculture*** Organisation of the United Nations (FAO) estimates that if women had the same access to productive resources as men, women could boost yields by 20-30 percent, raising the overall ***agricultural*** output in developing countries by 2.5 to 4 percent. This gain in production could cause the number of hungry people in the world to decrease by 12-17 percent and also lead to an increase in women’s income. Those countries that empower women tend to see lower rates of stunting (low height for age), the primary measure of chronic under-nutrition. Enhancing women’s control over decision-making in the household, translates to gender equality and thus results in better prospects and greater well-being of children, reducing malnutrition and poverty of future generations.

Post-harvest loss of food is the major problem behind food wastage. Establishment of cold storage facilities is essential for transportation as well as storage. The role of organisations in reducing the food insecurity problem cannot be neglected. Global organisations have been lobbying with regional and local organisations to reduce the hunger and food insecurity problem significantly. As a father organisation, the United Nations has been developing several strategies to promote activities against food insecurity. The Millennium Development Goals and Sustainable Development Goals have been major ***strategic*** tools through which the UN has ***planned*** to reach its goal. Similarly, other extensions of the UN such as the FAO and the World Food ***Programme*** have been actively promoting its strategies to hit the goal of achieving zero hunger precisely. However, ***producing*** double the amount of food than at present and preparing to feed 9 billion people by 2050 with the persistent problem of a changing climate, and combating poverty and hunger along with it is the biggest challenge for food security. We must think and act even more boldly and innovatively to accelerate viable solutions for achieving food security more quickly on a global scale.

***Joshi is an agriculture professional***

**Source:** The Kathmandu Post (Nepal)

**Load-Date:** April 12, 2018

**End of Document**



[***More strategic investment in Africa's ports can accelerate growth and development by strengthening trade - PwC report***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S35-47Y1-JD3Y-Y475-00000-00&context=1516831)

M2 PressWIRE

April 12, 2018 Thursday

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**Length:** 2122 words

**Body**

April 12, 2018

Africa needs to take advantage of the economic potential of its ports and shipping sector if it is to realise its growth ambitions. Globally, ports are gateways for 80% of merchandise trade by volume and 70% by value. Investment in ports and their related transport infrastructure to advance trade and promote overall economic development and growth is therefore vital -- particularly in emerging economies that are currently under-served by modern transportation facilities.

However, port investment must be channelled appropriately to ensure financial sustainability and economic growth. Investment is not always about building new ports or terminals -- investment spent on infrastructure without cognisance of the efficiency and effectiveness of the performance of the port may not ***produce*** the desired results. Port performance must be seen in the context of not only port infrastructure shortfalls, but also the fact that port performance has a direct impact on the efficiency and reliability of the entire transport network in which the port is just a node for the transfer of goods.

These are among the key findings of an analysis of port development in sub-Saharan Africa (SSA) issued by PwC ([*www.PwC.com*](http://www.PwC.com)) today. The report, 'Strengthening Africa's gateways to trade', was developed in response to the challenges facing SAA's ports in attracting external investment and highlighting the regional economic and growth benefits thereof.

Download the report 'Strengthening Africa's gateways to trade' here:   [*https://goo.gl/pXBsZK*](https://goo.gl/pXBsZK)

Why ports matter

As an emerging market region endowed with vast resources and a growing population, SSA must accelerate its market access and trade across the region and with the rest of the world. PwC analysis shows that a 25% improvement in port performance could increase GDP by 2%, demonstrating the close relationship between port effectiveness and trade competitiveness. With growing congestion in many African ports, Africa runs the risk of sacrificing further growth through lack of investment in port terminal infrastructure. Access to effective ports, interconnecting infrastructure and efficient operations to cope with current demand and future growth, will lead to reduced costs and improved overall freight logistics efficiency and reliability -- all of which are fundamental to the region's future success.

Despite the high volumes of goods that require transport, the development and integration of ports in Africa's wider logistic chains remains uneven. Some ports are important generators of benefit and serve large hinterland areas, often extending beyond national borders. Others lag in terms of available facilities, reliability and efficiency in the handling of freight, which increase supply-chain costs. The disparities in performance between different ports impacts on Africa transport logistic chains, and makes African countries less competitive than they could be.

Dr. Andrew Shaw, PwC Africa Transport and Logistics Leader, says: "Ports are a vital part of the supply chain in Africa, with many ports having a far-reaching hinterland often spanning a number of countries, which makes them a natural focus for regional development."

"In this report we show that the global transportation and logistics industry can no longer afford to ignore developments in Africa. Logistics service providers and ports in particular will continue to play a key facilitator role in trade competitiveness and thus facilitate trade and sustained economic growth across the region. Trade competitiveness requires governments and key stakeholders to see ports as facilitators of trade and integrators in the logistics supply chain. Efficient ports can make countries and regions more competitive and thus improve their growth prospects. The reliability and efficiency of each port terminal, including minimising delay to shippers, is critical to enhancing future trade facilitation."

Kuria Muchiru, Partner, Government Public Sector PwC Kenya, adds: "Efficient port operations in Mombasa and Dar es Salaam are critical to increased throughput and evacuation of cargo. Investments in rail are seen as a major step towards contributing to improved performance. Developments in multimodal operations and master ***planning*** of the ports to keep up to date with increasing throughput, which in turn fuels economic growth are critical to efficiency. In the long run East Africa is expected to a be a major transhipment hub on the East Coast of Africa, which will reduce freight costs in addition to contributing to the Belt and Road. "

Ian Arufor, Partner PwC Nigeria, comments: "International trade is a primary vehicle for the international movement of capital to developing nations, which ultimately drives economic development."

"As the larger West African economies embark upon, or seek to accelerate, the implementation of their economic development drives, new and / or expanded port access and capabilities are increasingly recognised as key tenets of these ***programs***. This is exemplified by the number of active port development and expansion projects in Nigeria and Ghana."

The case for shifting focus

Historically, many governments have focused on the revenues that can be extracted from ports as opposed to recognising them as facilitators of trade and growth. Africa needs to shift its understanding of the role ports can play and step up investment in them to achieve its economic development goals. In particular, there should be more awareness of the greater economic benefits that effective and efficient ports can play.

In SSA, the business case for port expansion is often only defined once capacity is already constrained and thus many ports operate under severe pressure while investment decisions are being made. This continual lag, which often lasts years, reduces competiveness and takes no account of the resulting reduced trade impact on African economies. In contrast, China's approach to port investment is instructive. China considers port investments on the benefits it receives from trade and thus regards ports as highly ***strategic*** investments in the national interest.

High port logistics costs, poor reliability and low economies of scale in trade volumes have a negative impact on trade growth in Africa. According to PwC estimates, US$ 2.2 billion per annum could be saved in logistics costs if the average throughput at the major ports in SSA doubled. In other parts of the world, such a focus on volume and efficiency has led to a stronger emphasis on hub and feeder ports for containers and enhancing scale for commodity bulk terminals.

Although individual countries in Africa have tended to push for developing their own hub ports (ports with the greatest volume potential), it is likely that we will see some ports eventually emerge as major hubs. PwC's analysis shows that, based on the degree of shipping liner connectivity, amount of trade passing through a port, and the size of the hinterland, Durban (South Africa), Abidjan (Côte d'Ivoire) and Mombasa (Kenya) are most likely to emerge as the major hubs in Southern Africa, West Africa and East Africa, respectively.

It is notable that SSA merchandise trade has increased by about 300% over the past 30 years, yet the region contributed less than 1% to the value of world trade growth during this period. The value of SSA exports has declined since the end of the resources boom, while imports have continued to grow. As demand for commodities begins to increase once more, we expect to see prices and volumes will rise again.

The fact that most African countries have an imbalance in trade focused on commodity exports and manufactured imports poses major cost challenges. SSA imports are predominated by containerised cargo, while exports are mostly handled as bulk freight. This trade imbalance between imports and exports means that many containers return empty, thereby absorbing valuable port capacity and resulting in higher logistics costs for inbound traffic to offset the cost of an empty return leg. Improving Africa's trade potential to export manufactured, semi-processed or ***agricultural*** goods would significantly improve the imbalance in containerised trade. This rebalancing of containerised trade offers a unique opportunity for African countries to beneficiate and expand trade in higher-value exports.

Most SSA ports are public sector owned and managed, which makes the raising of capital in a constrained economic environment difficult. Governments' role in the port sector also affects investment returns because of the manner in which they regulate and operate ports.

Greater clarity and transparency about government involvement and regulation of port activity is important. Almost all investors we spoke to during our research highlighted governance as the main risk consideration in their investment decision to support increased port investment. This is in an environment in which 67% of port terminal operators interviewed in southern Africa felt that they needed to expand their port facilities.

Performance of ports in SSA

A range of physical, organisational, technological and institutional elements play a role in determining port capacity and efficiency. PwC has developed a Port Performance Analysis (PPA) that tests the performance of SSA ports against international norms and practices. Using the PPA assessment tool, notwithstanding the fact that each region and port has its own specific challenges, it is possible to draw the following conclusions about SSA ports: There is a lag in investment in port infrastructure, which tends to perpetuate bottlenecks at key African ports. The investment lag is largely driven by reluctance to invest ahead of demand and when investment decisions are made, it frequently takes a number of years before new equipment is supplied or infrastructure constructed. African ports tend to operate at higher densities than their global counterparts due to land constraints. Terminal capacity utilisation is often constrained by vessel sizes, vessel utilisation and call frequency. Road network around ports are often not sufficient to sustain port volumes. Many of the handling inefficiencies and long container dwell times are not the result of port infrastructure shortfalls at all. Rather, they are a consequence of poor port management, customs and associated container clearing processes, as well as inadequate landside connections which prevent containers leaving ports without delay.

Future drivers of investment

The report assesses current investment in SSA's ports and reveals a number of trends: Ownership and service models are gravitating towards greater private-sector involvement; Increasing competition between ports is driving investment decisions; Shipping lines and port operators are increasingly driving port investment; Externally-funded commodities and consumer goods are driving investment; Appetite for large greenfield investment is waning; Focus on intermodal facilities and dry ports is increasing; and Greater awareness of infrastructure interdependencies.

Shaw comments: "SSA ports are under increasing pressure to respond to the needs of shipping lines, logistic providers and multinational traders, as they seek to drive efficiencies throughout the value chain. There remains a strong case for SSA to focus on investment in ports. Developing port infrastructure ahead of demand, focusing on the ports with the greatest potential (the 'hub' ports of the future) and improving the overall functioning of these ports so that through productivity gains they are increasingly attractive as destinations for global trade are key imperatives."

Distributed by APO Group on behalf of PricewaterhouseCoopers LLP (PwC).

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**End of Document**



[***College Values Celebration Lunch***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S46-MDP1-JDG9-Y4N1-00000-00&context=1516831)

Impact News Service

April 16, 2018 Monday

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**Length:** 1277 words

**Body**

United Kingdom: Plumpton College has issued the following press release:

Our celebration lunch was held on Friday 23rd March to recognise those students across the college who we feel best embody our college values in their day to day work, both at college and in their workplaces. The 24 students were chosen from across nearly 1500 apprenticeship and full time learners. Last year the college engaged with its staff and student body, as well as the many employers it works with, to establish our ***Strategic*** ***Plan*** for the next seven years. At the heart of this is our ambitious vision for the future, in which we see real opportunity for ourselves and particularly our students to play a leading role in driving innovative change and development in the sectors that they will go on to work in. Central to that strategy and our college vision, are our core values – those things that are important to us as an organisation to demonstrate to our stakeholders, but also to instil in our students to help ensure they are successful whilst they are here but more so in their future lives.

Please see below all students who were shown recognition during the ceremony and how they have embodied our values. Cameron Armitage (Level 3 Advanced Extended Diploma – Land & Wildlife Management (Game)) Cameron conducts himself in a very professional manner at all times and has a great willingness to learn and is committed to his work placement, cycling 16 miles a day to get to there. Eleanor Blogg (BTEC Level 3 Extended Diploma – Horse Management) Ellie is always professionally dressed and ready to learn, she has a positive and attitude, her work is always submitted on time and to a high standard. She is a credit to Plumpton College Conor Blunden (Rural Pathways) Conor engages well with everything asked of him, he is humorous and makes people smile. Conor’s attendance is 100% which shows his commitment to the college. Deborah Carter (Level 3 Advanced Technical Certificate – Land & Wildlife Management (Countryside)) Deborah has shown total commitment to studying the subject, she has adopted control of the department Instagram page and works tirelessly to push out worthy pictures several times a week. She is supportive of other students and has an incredible can do and positive attitude. Claudia Davies (Rural Pathways) Claudia has been at Plumpton for three years. She works very had in all her lessons and excels in practical tasks, especially in land based activities. Claudia is moving on to a Horticulture course in September. Connor Dewing (Level 3 – Year 1 – Fish) As a mature learner, students look up to Connor who has been an excellent role model for hard work and commitment over the past two years. Scott Farnden (C&G Level 2 Diploma - Practical Horticultural Skills) Scott is an innovative, intelligent and insightful student whose confidence has grown over the two years he has been at Plumpton. Henry Gould (BTEC Level 3 Extended Diploma Fish Management) Henry always approaches his work in a professional manner, he impresses with his continual commitment to the course, work experience placement and now supporting the College’s Schools Liaison Officer in encouraging students to come to Plumpton. Marley Hammond (BTEC Level 2 Extended Certificate – ***Agriculture***) Marley has shown a real determination to pursue a career in the ***agriculture*** sector, her ambition is to rear her own livestock butcher and sell direct to the public. Luke Jeffcoat (BTEC Level 3 National Foundation Diploma in Animal Management) Luke is a hard working student who consistently demonstrates his passion for the industry. Luke recently achieved his GCSE maths and has maintained his work experience placement at the RSPCA beyond required hours for the last 3 years. Savannah Kenward (C&G Level 1 Diploma – Land Based Studies (Floristry)) Savannah approaches her English lessons with a real desire to do the very best she can, she applies herself to her learning with zeal and focus and is committed to do well. Ryan Lee (Apprentice – Trailblazer Landscape Operative – Level 2) Ryan is an extremely driven young man with a hunger for knowledge and who strives for perfection. He is an exemplary student and sets a good example in the classroom. Ryan has high aspirations for his future in the Landscaping sector. Sean Leek-Dyer (14+ BTEC – Level 1) Sean is a highly ambitious young man who consistently demonstrates a determination and eagerness to succeed in his English classes. He is always enthusiastic and contributes well to lessons always with a smile on his face. Helen Lovell (Level 3 Advanced Technical Extended Diploma – Land & Wildlife Management (Countryside)) Having a previous career in horticulture, Helen brings existing subject knowledge and shares this with the class. Helen has completely immersed herself in the subject and her enthusiasm extends to ***planning*** assignments that she will undertake next year. Charlie Marshall (Rural Pathways) Charlie is passionate about achieving and applies himself fully in every subject area. He is motivated to do well and contributes well to lessons. Charlie is currently skiing for his Duke of Edinburgh Gold Award. Abigail Mizen (Level 1 Certificate Land Based Studies – Horse Care) Abbie supports other students with high needs in class sessions and mentors the profoundly deaf students in her group. She always helps to stretch and challenge other students and really enjoys supporting her peers. Michael Padwick (BTEC Level 2 Extended Certificate – ***Agriculture***) Michael is a diligent student, who always arrives on time for lessons and ready to learn. His attendance is 100% and he is a pleasure to teach. His work placement employer is delighted with his attitude and says that he is not only a credit to his family but also the College. Charlie Palmer (BTEC Level 1 / 2 Diploma Sport (Outdoor Education) Charlie is a hard working student who is keen to progress his academic skills as much as his practical. With a focus on the level three ***programme*** and a great deal of self-motivation he is destined to succeed. Megan Penfold (BTEC Level 3 |Extended Diploma Game Management) Megan is an ambitious student who has excelled in her development of assignment work and her ability to turn knowledge and understanding of theory work into industry skills. Megan has been accepted to study Rural Land Management at the Royal ***Agricultural*** University in September. Kerris Poland (BTEC Level 3 Extended Diploma – ***Agriculture***) Kerris has been an excellent student since joining Plumpton in 2015. She has flourished in her final year and will leave into a full time trainee argronomist position, she is hardworking and will excel in the future. Nathan Preston (C&G Level 2 Diploma – Practical Horticulture Skills) Nathan is a thoughtful student who has shown determination through his time at Plumpton. He has a passion for nature and constantly surprises with his facts and anecdotes in class. Amber Smail (BTEC Level 3 Extended Diploma in Animal Management with Science) Amber is a hard working student who has recently worked very hard with a group of students to design an animal enclosure which highly impressed staff at Whipsnade Zoo. Ralph Smith (BTEC Level 3 Extended Diploma ***Agriculture***) A dedicated student who excels in all that he does, highly praised for his middle year placement by his employer and has ***produced*** some excellent work in his third year. James Sutcliffe (BTEC Level 3 Subsidiary Diploma ***Agriculture***) James is a hard working student who ***produces*** work of a high standard. He is polite and respectful and a pleasure to teach. As such, James is an excellent role model for the rest of the class.

**Load-Date:** April 17, 2018

**End of Document**



[***Register of Commission documents:Newsletter - 11-14 September 2017 - Strasbourg plenary session Document date: 2017-09-08 03A-DV-PRESSE\_NEW(2017)09-05(83120) Newsletter***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PVD-M6S1-JDG9-Y2G1-00000-00&context=1516831)

Impact News Service

October 30, 2017 Monday

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**Length:** 7924 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

Newsletter   Newsletter - 11-14 September 2017 - Strasbourg plenary session 07-09-2017 - 19:05

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  State of the Union debate: shaping the EU’s future .  MEPs will take stock of the Juncker Commission’s achievements midway through its mandate but most of all discuss ways forward to a strong EU committed to protecting its citizens and deliver economic growth and jobs. The Commission President will kick off the debate in his annual “State of the Union” speech in plenary session on Wednesday morning. WiFi4EU: final vote on free internet access in public areas.  An EU scheme that will allow more than 5,000 wireless internet connections to be set up in public areas (hospitals, libraries, etc) across the EU, and create a single EU-wide authentication system for them, will be debated and put to a vote on Tuesday. Securing gas supply across the EU.  Member states facing a gas supply crisis will be able to count on help from neighbouring countries under new rules informally agreed by MEPs and ministers to strengthen the security of gas supplies across the EU. The rules will be debated on Tuesday morning and put to Parliament’s final vote on the same day at noon. Eggs scandal: speeding up EU-wide warnings on food risks .  The contamination of eggs with the insecticide Fipronil, which affected almost all EU countries, and ways to improve the EU's rapid alert system will be debated by MEPs, the Commission and the Council on Tuesday morning. Disabled people to get easier access to products and services .  Disabled people will have easier access to key products and services such as phones, ATMs and ticketing and check-in machines, under draft EU rules to be debated on Wednesday and put to the vote on Thursday. Boosting CO2 absorption by forests to fight climate change.  ***Plans*** to boost forests’ absorption of CO2 and cut greenhouse-gas emissions as a way to tackle climate change will be put to a vote on Wednesday. Special counter-terrorism committee to start work.  The list of candidate MEPs to form the 30-strong special committee on counter-terrorism (TERR) is up for a vote on Tuesday. Its first meeting is scheduled for Thursday. North Korean nuclear threats.  A series of missile and nuclear tests by North Korea, causing growing international tensions, will be debated with EU foreign policy chief Federica Mogherini on Tuesday. The future of EU-Turkey relations .  Turkey’s future in Europe, its continued backsliding with respect to the rule of law, human rights and media freedom will be debated with EU foreign policy chief Federica Mogherini on Tuesday afternoon. The debate is to be wrapped up by a resolution to be voted on during October I plenary. Migration across the Mediterranean: debate with Federica Mogherini .  Ways to stem migration flows into the EU, particularly via the Mediterranean route, will be debated with EU foreign policy chief Federica Mogherini on Tuesday. MEPs set to call for stricter EU arms export controls.  EU member states must ensure that their arms export control decisions are consistent, MEPs are set to say on Wednesday. If necessary, an EU supervisory body should be set up, they add. Making trade work for human rights and against inequality .  European Parliament proposals to make trade fairer, so as to help prevent workers being exploited in the world’s poorest countries, will be debated on Monday and put to a vote on Tuesday. Anti-corruption drive to curb human rights abuses.  An anti-corruption clause must be included in EU deals with third countries and protection for anyone exposing corruption must be improved. This would help curb human rights violations, Parliament is set to say on Wednesday. Aviation emissions: MEPs to back ETS exemption for intercontinental flights.  With a worldwide scheme to offset CO2 emissions in air transport pending, MEPs will vote on Wednesday to extend an exemption from paying for emissions on intercontinental flights. Dieselgate: focus on public health and consumer rights.  MEPs will discuss latest developments in the Dieselgate scandal, and in particular recent actions taken by EU member states like Germany and Austria, on Wednesday. Fire safety in buildings: how to prevent further tragedies?.  In the aftermath of the Grenfell Tower blaze in London on 14 June, which killed around 80 people, MEPs will discuss what should be done at EU and national levels to improve fire safety in buildings. Easing access to capital for innovative and socially beneficial companies.  European venture capital funds (EuVECA) and European social entrepreneurship funds (EuSEF) should become more attractive to investors under new rules to be put to the vote on Thursday. MEPs to call on Norway to stop whaling.  Norway must halt its whale hunting and the EU must not facilitate trade in whales of species which are protected by EU law, a resolution to be voted Tuesday says. North Sea fisheries: ensuring sustainable stocks and livelihoods .  ***Plans*** to tackle overfishing and provide more secure livelihoods for North Sea fishermen by introducing multiannual fishing quotas will be put to the vote on Thursday. Venezuela’s escalating crisis .  MEPs will debate the profound political and economic crisis and latest developments in Venezuela with EU foreign policy chief Federica Mogherini on Tuesday afternoon. Stronger EU ties with India .  A stronger EU partnership with India, including a new impetus to free trade talks, will be debated on Tuesday and voted Wednesday. EU to boost trade with Iceland.  Two agreements aiming to increase trade in ***agricultural*** products between the EU and Iceland will be put to a vote on Tuesday. Earthquakes in Italy: €1.2 billion in EU repair aid .  Almost €1.2 billion in EU aid to repair damage caused by earthquakes in central Italy in 2016 and 2017 is to be approved by MEPs on Wednesday. The quakes hit the Abruzzo, Lazio, Marche and Umbria regions, leaving 333 people dead and over 30,000 displaced and needing help. €3.5 million EU aid to former workers at Microsoft Finland and suppliers.  EU job-search aid worth €3,520,080 for 1,000 former IT workers in western and southern Finland is up for a vote on Wednesday. The downscaling by mobile phone manufacturer Microsoft Mobile Oy, which had teamed up with Nokia, also affected its suppliers and downstream ***producers***. Extra €500 million to fight youth unemployment .  Half a billion euros more for the EU’s Youth Employment Initiative (YEI) as part of a €1.2 billion top-up agreed for 2017-2020, will be voted on Wednesday by Parliament, which fought for this. Erasmus+ ***programme*** at risk? .  MEPs will quiz the European Commission about its budgetary ***plans*** for a number of projects, in particular the European Solidarity Corps. The Commission intends to finance the projects using funds dedicated to the Erasmus+ ***programme***. Following Wednesday´s debate, a resolution will be put to the vote on Thursday. MEPs want more transparency in law-making.  Lobbyists should be denied entry into the European Parliament, unless they provide the detailed information required by the EU Transparency Register, say MEPs in a resolution to be put to the vote on Thursday. MEPs may oppose ***plan*** to relax radioactivity checks on food from around Fukushima .  MEPs fear that the proposal could lead to an increase in exposure to radioactively contaminated food. Hurricane Irma: help needed.  The devastating impact of Hurricane Irma on the Caribbean islands, including parts of the EU’s Outermost Regions, with wind speeds of 300 kilometres per hour, will be addressed on Wednesday evening in a brief debate with the Commission. Human rights: MEPs to denounce Rohingya crisis in Myanmar.  Parliament will discuss the fate of Rohingyas in Myanmar, the repression of the Gabonese opposition and other human rights breaches in Cambodia and Laos on Thursday morning. Other topics on the agenda.  Other topics for debate and vote include the following:

REF.:

 20170905NEW83120 Further information :

* Final draft agenda

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State of the Union debate: shaping the EU’s future 07-09-2017 - 19:05

MEPs will take stock of the Juncker Commission’s achievements midway through its mandate but most of all discuss ways forward to a strong EU committed to protecting its citizens and deliver economic growth and jobs. The Commission President will kick off the debate in his annual “State of the Union” speech in plenary session on Wednesday morning.

Jean-Claude Juncker is expected to unveil his views on the future of Europe based  on five scenarios presented earlier this year. Political group leaders will set out the priorities that they want the EU27 to deliver on before the June 2019 European elections. President Juncker will react.

The full debate and post-debate statements by political group leaders will be live-streamed on EP Live and EbS+.

To embed the debate on external websites, use

<iframe id='player' name='player'  width='**600**' height='**370**' scrolling='no' frameborder='0' style='overflow:hidden' src='[*http://web.ep.streamovations.be/index.php/event/stream/170913-0900-special-state-of-the-union/embed?defaultLanguage=*](http://web.ep.streamovations.be/index.php/event/stream/170913-0900-special-state-of-the-union/embed?defaultLanguage=)**xx**'></iframe>

Users can customize the player video dimension (by default**600**x**300**dpi) and the language (replace '…defaultLanguage=xx' by language code  (ex. '...defaultLanguage=en' for English, '...defaultLanguage=de' for German, etc.).

Procedure:  Statement by the President of the European Commission

Debate:  Wednesday, 13 September

#SOTEU   Further information :

* Interactive live coverage SOTEU 2017 dashbord

1. “Future of Europe” – European Parliament’s priorities
2. Audiovisual material SOTEU 2017
3. Audiovisual archives on SOTEU
4. EP Research: State of the Union debates
5. EC whitepaper Future of Europe
6. State of the Union 2017 - Video teaser

WiFi4EU: final vote on free internet access in public areas 07-09-2017 - 19:05

An EU scheme that will allow more than 5,000 wireless internet connections to be set up in public areas (hospitals, libraries, etc) across the EU, and create a single EU-wide authentication system for them, will be debated and put to a vote on Tuesday.

The scheme is a pilot project paving the way towards free internet spots in public places for all EU citizens and forms part of efforts to create a Digital Union.

EU funding for the scheme would have to be deployed in a “geographically balanced manner” across member states, on a “first come, first served” basis.

Procedure:  ordinary legislative procedure

2016/0287(COD)

Debate/vote:  Tuesday, 12 September

#WiFi4EU

    Further information :

* Press release at the end of the interinstitutional negotiations (29.05.2017)

1. Profile of rapporteur : Carlos Zorrinho (S&D, PT)
2. Procedure file
3. Digital Economy and Society Index (DESI)
4. Audiovisual material for media

Securing gas supply across the EU 07-09-2017 - 19:05

Member states facing a gas supply crisis will be able to count on help from neighbouring countries under new rules informally agreed by MEPs and ministers to strengthen the security of gas supplies across the EU. The rules will be debated on Tuesday morning and put to Parliament’s final vote on the same day at noon.

Any EU country faced with a gas supply crisis will be able to alert the others and thus trigger cross-border assistance to prevent cuts.

The emergency alert regulation is the second piece of Energy Union legislation to come before Parliament. The first, laying down common rules on EU member states’ energy deals with third countries, was approved by Parliament in March.

The new rules should take effect before winter sets in.

Procedure:  Ordinary legislative procedure

2016/0030(COD)

Debate/vote:  Tuesday, 12 September

#Energyunion

    Further information :

* Press release at the end of the interinstitutional negotiations (27.04.2017)

1. Profile of rapporteur : Jerzy Buzek (EPP, PL)
2. Procedure file
3. Audiovisual material for media

Eggs scandal: speeding up EU-wide warnings on food risks 07-09-2017 - 19:05

The contamination of eggs with the insecticide Fipronil, which affected almost all EU countries, and ways to improve the EU's rapid alert system will be debated by MEPs, the Commission and the Council on Tuesday morning.

MEPs will quiz the Commission and the Council on measures taken so far to ensure food safety and discuss how to improve the functioning of the EU’s rapid alert system for food and feed and restore consumer trust in EU egg products.

Parliament's ***Agriculture*** Committee discussed the eggs scandal with the Commission on 31 August. Many MEPs stressed during the debate that the EU needs faster information exchange on food safety risks and stricter sanctions against fraudsters.

**Quick Facts**

Fipronil, an insecticide used among other things to kill fleas and mites, is classified by the World Health Organisation (WHO) as moderately hazardous. Its use in the EU is prohibited for all food-***producing*** animals.

The illegal use of Fipronil on poultry farms was first reported to the European Commission through the EU’s rapid alert system for food and feed (RASFF) on 20 July. Most of these farms were located in the Netherlands and Belgium. Millions of chicken eggs have already been withdrawn from the EU market.

Procedure: Council and Commission statements (no resolution)

Debate: Tuesday, 12 September

#fipronil

    Further information :

* Press release on committee debate (31.08.2017)

1. Video-recording of the committee debate (31.08.2017)
2. Audiovisual material: Fipronil in eggs - extracts from the debate

Disabled people to get easier access to products and services 07-09-2017 - 19:05

Disabled people will have easier access to key products and services such as phones, ATMs and ticketing and check-in machines, under draft EU rules to be debated on Wednesday and put to the vote on Thursday.

Around 80 million people in the EU are affected by a disability to some degree. As a result of population ageing, it is expected that in 2020 around 120 million will have multiple and/or minor disabilities.

The draft “European Accessibility Act” (EAA) sets out requirements to make a number of products and services more accessible. The list includes ATMs, ticketing and check-in machines, PCs and operating systems, phones and TV equipment, consumer banking services, e-books, transport and e-commerce. MEPs added other items to the list, such as payment terminals, e-book readers, websites and mobile device-based services offered by audiovisual media.

The accessibility requirements would also cover the “built environment” where a service is provided, including transport infrastructure, in case member states do not already have such requirements in place, MEPs said.

Parliament will vote on a mandate to start negotiations with Council, which has yet to agree on its position.

Procedure: Co-decision (Ordinary Legislative Procedure), 1st reading

2015/0278(COD)

Debate: Wednesday, 13 September

Vote: Thursday, 14 September

#EuropeanAccessibilityAct

    Further information :

* Draft report on accessibility requirements for products and services

1. Press release on committee vote (25.04.2017)
2. Profile of rapporteur Morten Løkkegaard (ALDE, DK)
3. Procedure file
4. EP Research: European Accessibility Act
5. Video: extracts from the vote in committee and statement by the rapporteur
6. Audiovisual material for media

Boosting CO2 absorption by forests to fight climate change 07-09-2017 - 19:05

***Plans*** to boost forests’ absorption of CO2 and cut greenhouse-gas emissions as a way to tackle climate change will be put to a vote on Wednesday.

EU countries that cut down forests must compensate by planting new trees or by improving the way they manage existing forests, croplands and grasslands, to ensure an equivalent absorption of CO² in the atmosphere.

MEPs say that member states should do more, by boosting CO² absorption so that it offsets emissions by 2030, in line with the EU’s long-term objectives and the Paris Agreement.

EU forests absorb the equivalent of nearly 10% of total EU greenhouse gas emissions each year.

Procedure:  Ordinary legislative procedure

2016/0230(COD)

Debate : Monday 11 September

Vote:  Wednesday 13 September

Press conference: Wednesday 14.30

#LULUCF     Further information :

* Draft report and amendments on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework

1. Press release on committee vote (11.07.2017)
2. Profile of rapporteur Norbert Lins (EPP, DE)
3. Procedure file
4. EP Research: Land use under the EU 2030 climate and energy framework
5. European Commission fact sheet: Proposal to integrate the land use sector into the EU 2030 Climate and Energy Framework
6. Infographics
7. Audiovisual material for media

Special counter-terrorism committee to start work 07-09-2017 - 19:05

The list of candidate MEPs to form the 30-strong special committee on counter-terrorism (TERR) is up for a vote on Tuesday. Its first meeting is scheduled for Thursday.

Parliament decided in July to set up a special committee to address practical and legislative shortcomings in the fight against terrorism across the EU. During its 12-month tenure, the committee is to deliver a mid-term and a final report setting out its factual findings, plus recommendations.

Following the plenary vote on the list of committee members, the committee will choose its chair and rapporteur(s) at its constitutive meeting on Thursday morning in Strasbourg.

**Procedure**

**Code**

**Vote:  Tuesday, 12 September**

**#counterterrorism ≠TERRcommittee**

    Further information :

* EP study: The European Union’s policies on Counter-terrorism: Relevance, Coherence and Effectiveness

1. Audiovisual material for media

North Korean nuclear threats 07-09-2017 - 19:05

A series of missile and nuclear tests by North Korea, causing growing international tensions, will be debated with EU foreign policy chief Federica Mogherini on Tuesday.

In an October 2016 resolution , MEPs condemned the nuclear tests and urged North Korea “to refrain from further provocative actions by abandoning its nuclear and ballistic missile ***programmes***”.

Statement by the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy

Debate: Tuesday, 12 September

#NorthKorea @FedericaMog   Further information :

* EP resolution on nuclear security and non-proliferation (27.10.2017)

1. Study on nuclear proliferation in North East Asia (March 2017)
2. EP Research Note on sanctions against North Korea (July 2016)

The future of EU-Turkey relations 07-09-2017 - 19:05

Turkey’s future in Europe, its continued backsliding with respect to the rule of law, human rights and media freedom will be debated with EU foreign policy chief Federica Mogherini on Tuesday afternoon. The debate is to be wrapped up by a resolution to be voted on during October I plenary.

Back in July, MEPs  voiced their concern regarding EU accession talks with Turkey , calling on the EU Commission and the EU national governments “to formally suspend the accession negotiations with Turkey without delay if the constitutional reform package is implemented unchanged.”

Statement by the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy

Debate: Tuesday, 12 September

Vote: October I session (2-5 October)

#Turkey   Further information :

* EP resolution on the 2016 Commission Report on Turkey (06.07.2017)

1. Press release on Turkey report (06.07.2017)
2. Interview with EP rapporteur on Turkey Kati Piri (S&D, NL)

Migration across the Mediterranean: debate with Federica Mogherini 07-09-2017 - 19:05

Ways to stem migration flows into the EU, particularly via the Mediterranean route, will be debated with EU foreign policy chief Federica Mogherini on Tuesday.

Stepping up cooperation with African countries and helping them to manage their borders better, a review of EU legislation on migration and asylum and efforts to stabilise Libya are among the policy measures being discussed.

After the closure of the Balkans route and the EU-Turkey deal on migration, Italy became the main EU entry point for migrants and asylum-seekers. A record 181,436 migrants and asylum-seekers reached its shores last year, and 99,742 have arrived there so far in 2017 .

According to the International Organization for Migration (IOM), 2,537 persons have lost their lives trying to cross the Mediterranean this year:

Three out of four Europeans want the EU to do more to tackle the migration crisis, according to the latest Eurobarometer survey .

Statement by the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy (without resolution)

Debate: Tuesday, 12 September

#migration #refugees     Further information :

* Mediterranean migration route: help for Italy and long-term solutions (EP press release, 12.07.2017)

1. Joint declaration following the Paris migration summit with African leaders on 28.08.2017 (European Commission, in French)
2. Audiovisual material for media

MEPs set to call for stricter EU arms export controls 07-09-2017 - 19:05

EU member states must ensure that their arms export control decisions are consistent, MEPs are set to say on Wednesday. If necessary, an EU supervisory body should be set up, they add.

Parliament will assess on Tuesday how well the member states’ Common Position on arms export control, which relies on minimum requirements, is working, and advocate improvements in a resolution to be voted on Wednesday.

Proposals include widening the list of arms export criteria to oblige member states to assess the risk that an arms transfer could spur corruption and imposing sanctions on member states that fail to comply with the Common Position.

The EU28 member states are the world’s second largest arms supplier (26% of global arms exports), after the USA (33%) and before Russia (23%). Between 2012 and 2016, international transfers of “major” weapons, such as missiles, warplanes and submarines, reached their highest volume for any five-year period since the end of the Cold War.

Procedure: Non-legislative resolution

2017/2029(INI)

Debate: Tuesday, 12 September

Votes: Wednesday, 13 September

#armscontrol

    Further information :

* Draft resolution on arms export

1. EP rapporteur Bodil VALERO (Greens, SV)
2. EU's Common Position on arms export control
3. The results of the EP workshop on arms export control (May 2017)
4. EP Research Service infographics on arms export (2015)
5. EP Research Service note on arms export (2015)
6. Procedure file

Making trade work for human rights and against inequality 07-09-2017 - 19:05

European Parliament proposals to make trade fairer, so as to help prevent workers being exploited in the world’s poorest countries, will be debated on Monday and put to a vote on Tuesday.

As global trade patterns have changed markedly in recent decades and the unequal distribution of its benefits has come under growing public scrutiny, MEPs are proposing a series of measures to protect workers and the environment worldwide by reforming so-called “global value chains”.

They are set to advocate measures to boost corporate social responsibility, include enforceable chapters on labour and human rights in trade deals, protect whistle-blowers in forced labour cases and make  the “social impact of production” visible on goods, e.g by labelling, to raise consumer awareness.

**Quick facts**

Production processes that span several countries can enable new firms and employees to contribute, but may also complicate and obscure liability for products and accidents, note MEPs.

They argue that the EU must update its trade deals and policies help to prevent tragedies such as the collapse of the Rana Plaza clothing factory in in Bangladesh in 2013. Some 21 million people worldwide are victims of forced labour, generating USD 150 billion a year in illegal profits (source: International Labour Organisation estimates).

Procedure: non-legislative resolution

2016/2301(INI)

Debate: Monday, 11 September

Vote:  Tuesday, 12 September

#EUTrade #GVCs     Further information :

* Draft resolution on tabled for plenary

1. EP Research Briefing: Improving global value chains key for EU trade (June 2016)
2. Press Release - Textile imports: development MEPs call for rules to curb worker exploitation (March 2017)
3. EP Research Briefing: Workers' conditions in the textile and clothing sector: just an Asian affair? (August 2014)
4. Profile of rapporteur Maria Arena (S&D, BE)
5. Procedure file
6. Audiovisual material for media

Anti-corruption drive to curb human rights abuses 07-09-2017 - 19:05

An anti-corruption clause must be included in EU deals with third countries and protection for anyone exposing corruption must be improved. This would help curb human rights violations, Parliament is set to say on Wednesday.

Corruption is 'one of the most neglected causes of human rights violations', MEPs will argue on Tuesday afternoon. In a resolution to be voted on Wednesday, they are set to urge the European Union to foster international cooperation on anti-corruption strategies.

Procedure: Non-legislative resolution

2017/2028(INI)

Debate:  Tuesday, 12 September

Vote: Wednesday, 13 September

#humanrights

    Further information :

* Draft report on corruption and human rights in third countries

1. Press release on committee vote (20.06.2017)
2. Profile of rapporteur: Petras Auštrevičius (ALDE, LT)
3. Procedure file
4. EP Research Briefing “Towards a binding international treaty on business and human rights”
5. EP study “Cost of Corruption in Developing Countries – How Effectively is Aid Being Spent?”
6. Audiovisual material for media

Aviation emissions: MEPs to back ETS exemption for intercontinental flights 07-09-2017 - 19:05

With a worldwide scheme to offset CO2 emissions in air transport pending, MEPs will vote on Wednesday to extend an exemption from paying for emissions on intercontinental flights.

MEPs want the exemption to end on 31 December 2020, however. From 2021 onwards, the aviation sector should receive only 50 % of its ETS (Emissions Trading System) allowances for free, say MEPs, against 85 % as it stands today.

The Environment Committee also wants EU member states to earmark the revenue generated by auctioning emissions allowances for climate change policies.

**Quick facts**

Aviation accounts for approximately 2.1 % of global CO2 emissions. International flights account for around 1.3 % of emissions. With the anticipated growth in air traffic, emissions in 2050 are expected to be seven to ten times higher than in 1990, according to ICAO projections. In the EU, direct CO2 emissions from aviation account for about 3 % of total emissions.

Procedure:  ordinary legislative procedure

2017/0017(COD)

Debate: Monday, 11 September

Vote:  Wednesday, 13 September

#EUETS   Further information :

* Draft report on the proposal to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021

1. Press release on committee vote (11.07.2017)
2. Profile of rapporteur Julie Girling (ECR, UK)
3. Procedure file
4. EP Research Briefing: CO² emissions from aviation
5. Audiovisual material for professionals

Dieselgate: focus on public health and consumer rights 07-09-2017 - 19:05

MEPs will discuss latest developments in the Dieselgate scandal, and in particular recent actions taken by EU member states like Germany and Austria, on Wednesday.

Parliament urged the EU Commission and member states to clean up their act and improve tests and checks on new cars on EU roads, after Parliament’s special committee on the Volkswagen emissions scandal completed its work in April 2017.

MEPs concluded that although the Commission and member states had been aware for more than a decade that the nitrogen oxide (NOx) emissions of diesel cars in laboratory tests differ markedly from those measured on the roads, they had failed to act appropriately to protect air quality and public health.

A more realistic emissions testing procedure finally came into force on 1 September.

Procedure:  Topical debate (Rule 153a)

Debate:  Wednesday, 13 September

#Dieselgate   Further information :

* Car emissions scandal: MEPs call for stricter and clearer oversight

1. EP Research: Vehicle emission tests: beyond the VW case
2. EP study: legal obligations relating to emission measurements in the EU automotive sector
3. Audiovisual material for media

Fire safety in buildings: how to prevent further tragedies? 07-09-2017 - 19:05

In the aftermath of the Grenfell Tower blaze in London on 14 June, which killed around 80 people, MEPs will discuss what should be done at EU and national levels to improve fire safety in buildings.

The fire resistance of façades, tests carried out under real-life conditions and smoke toxicity of construction products are likely to be discussed with Council and Commission on Wednesday afternoon.

In a debate in July, Internal Market Committee MEPs pointed out that the fire safety of buildings is a national affair and asked the EU Commission to help member states share knowledge and best practices.

Procedure: Council and Commission statements followed by debate

2017/264(RSP)

Debate: Wednesday, 13 September

#FireSafety

    Further information :

* Video recording of the debate in the Internal Market Committee on Construction Products Regulation and fire safety, on 12 July 2017 (from 16h37 onwards)

1. Audiovisual material for media

Easing access to capital for innovative and socially beneficial companies 07-09-2017 - 19:05

European venture capital funds (EuVECA) and European social entrepreneurship funds (EuSEF) should become more attractive to investors under new rules to be put to the vote on Thursday.

Uniform fund registration rules, enhanced supervision of the funds by the EU and national authorities and cross-border marketing of these funds should help broaden the range of companies to find investors on European capital markets.

**Background**

EuVECA and EuSEF are two voluntary funds within the Capital Market Union Action ***Plan***, aiming to raise and invest capital in innovative SMEs and social undertakings in the EU.

The Capital Market Union aims to improve access to finance for such companies, so they do not exclusively depend on bank loans, but can complement those with alternative sources of finance. The CMU is designed to enhance investors’ confidence to back a more risky investment or socially engaged firms.

Procedure:  ordinary legislative procedure

2016/0221(COD)

Debate: Wednesday, 13 September

Vote:  Thursday, 14 September

#EuVECA #EuSEF #CMU   Further information :

* Draft resolution on European venture capital funds on European social entrepreneurship funds

1. Rapporteur: Sirpa PIETIKÄINEN (EPP, FI)
2. Procedure file

MEPs to call on Norway to stop whaling 07-09-2017 - 19:05

Norway must halt its whale hunting and the EU must not facilitate trade in whales of species which are protected by EU law, a resolution to be voted Tuesday says.

In a debate with the European Commission in July, MEPs urged the Commission to persuade Norway to end the practice and to provide data on the quantity of whale meat transiting through EU ports. A ban on such transits could be envisaged.

MEPs note that despite a worldwide moratorium on commercial whaling, Norway continued whaling and fully resumed commercial whaling in 1993. Several NGOs reported that Norway’s exports of whale meat have increased sharply in recent years.

Procedure:  question for oral answer, with resolution

2017/2712(RSP)

Vote:  Tuesday, 12 September

#whaling

    Further information :

* Question for oral answer to the Commission: whale hunting in Norway

1. Procedure file
2. EP Research: fisheries in Norway
3. Audiovisual material for media

North Sea fisheries: ensuring sustainable stocks and livelihoods 07-09-2017 - 19:05

***Plans*** to tackle overfishing and provide more secure livelihoods for North Sea fishermen by introducing multiannual fishing quotas will be put to the vote on Thursday.

The second multiannual fisheries ***plan*** under the new Common Fisheries Policy (CFP) would apply to demersal species (those living near the sea floor), which make up 70% of catches in the North Sea (zones IIa, IIIa and IV) .

The ***plan*** covers various species and is tailored to the complexity of North Sea mixed fisheries, which makes it impossible to target and catch only one species.

Ensuring that these stocks are exploited sustainably in the long run should guarantee the security of fishing opportunities and livelihoods.

MEPs will start negotiations with the Council following the plenary vote.

**Quick facts**

North Sea demersal fishing employs several thousand vessels from at least seven EU member states (Belgium, Denmark, France, Germany, the Netherlands, Sweden and the UK).Demersal catches were worth more than €850 million in 2012, with the highest total value of landings by species for sole, followed by plaice, Norway lobster (also called Nephrops), cod, saithe, haddock, turbot, anglerfish, whiting and lemon sole.

Procedure:  ordinary legislative procedure (vote on the mandate)

2016/0238(COD)

Debate: Wednesday, 13 September

Vote: Thursday, 14 September

#NSMAP #CFP

    Further information :

* Draft report on a multi-annual ***plan*** for demersal stocks in the North Sea

1. Press release on committee vote (12.07.2017)
2. Profile of rapporteur Ulrike Rodust (S&D, DE)
3. Procedure file
4. EP briefing on the multiannual ***plan*** for North Sea demersal fisheries (October 2016)
5. Audiovisual material for media

Venezuela’s escalating crisis 07-09-2017 - 19:05

MEPs will debate the profound political and economic crisis and latest developments in Venezuela with EU foreign policy chief Federica Mogherini on Tuesday afternoon.

Venezuela has been in crisis for months, with almost daily demonstrations against Nicolas Maduro's regime across the country.

The election of a controversial constituent assembly with no opposition members and which has replaced the opposition-controlled legislative assembly has generated growing international criticism of Maduro´s government.

In May, MEPs expressed solidarity with Venezuela’s National Assembly Speaker Julio Borges’s efforts to restore peace and human dignity in Venezuela. In a resolution voted in June, the European Parliament condemned the “brutal repression” by the Venezuelan security forces and urged Venezuela’s government to ensure the full restoration of the democratic order.

In another debate on Tuesday afternoon, MEPs will discuss strengthening the EU-Latin American ***strategic*** partnership with EU foreign policy chief Federica Mogherini and will vote on their recommendations on Wednesday.

Procedure: Non-legislative resolution

2017/2027(INI)

Debates:  Tuesday, 12 September

Vote: Wednesday, 13 September

#LatinAmerica @FedericaMog

    Further information :

* European Parliament resolution on the situation in Venezuela (27.04.2017)

1. Committee press release ‘MEPs debate situation in Venezuela with National Assembly Speaker Julio Borges’ (31.05.2017)
2. EP President Tajani statement on the arrests of opposition leaders in Venezuela
3. Draft report on EU political relations with Latin America
4. Press release on committee vote (11.07.2017)
5. Profile of rapporteur: Javi López (S&D, ES)
6. Procedure file
7. EP DG EXPO Study “The EU-Latin American ***Strategic*** Partnership: state of play and ways forward”
8. Audiovisual material for media

Stronger EU ties with India 07-09-2017 - 19:05

A stronger EU partnership with India, including a new impetus to free trade talks, will be debated on Tuesday and voted Wednesday.

In the draft resolution on EU political relations with India, MEPs highlight potential areas for closer cooperation, such as trade, investment, development, regional stability, crisis management or maritime security.

The EU is India's largest trading partner, and talks on an EU-India free trade deal began in 2007.

Procedure: Non-legislative resolution

2017/2025(INI)

Debate: Tuesday, 12 September

Votes: Wednesday, 13 September

#India   Further information :

* Draft resolution on EU political relations with India

1. EP rapporteur Cristian Dan Preda (EPP, RO)
2. EP Research Service note on India and challenges ahead in the Indo-Pacific region (May 2017)
3. Procedure file on India

EU to boost trade with Iceland 07-09-2017 - 19:05

Two agreements aiming to increase trade in ***agricultural*** products between the EU and Iceland will be put to a vote on Tuesday.

Almost 90 % of EU ***agricultural*** products would have duty-free access to the Icelandic market, if MEPs endorse a deal to further liberalise trade flows. The EU would benefit from increased quotas, in particular for cheese, beef, pig meat and poultry, whereas Iceland will gain additional access to the market for its skyr (a special dairy product) exports. Under a separate agreement, the EU secured protection for its geographical indications (certain products possessing qualities and a reputation due to their geographical origin) for food and drinks sold in Iceland.

In 2015, EU ***agricultural*** exports to Iceland were worth EUR 290 million, while the value of imports reached EUR 44 million. The main EU export products are fruit, vegetables and cereals. Imports from Iceland are chiefly seaweed and algae, sheep meat, live horses and fur skins.

Procedure: Consent

Procedure Code: 2016/0293(NLE) 2016/0252(NLE)

2016/0293(NLE) - additional trade preferences in ***agricultural*** products

2016/0252(NLE) - protection of geographical indications

Vote:  Tuesday, 12 September

#EUTrade

    Further information :

* Draft recommendation additional trade preferences in ***agricultural*** products between the EU and Iceland

1. Draft recommendation on the protection of geographical indications for ***agricultural*** products and foodstuffs
2. Profile of rapporteur David Borrelli (EFDD, IT)
3. Procedure file for additional trade preferences with Iceland
4. Procedure file for the protection of geographical indications with Iceland
5. Audiovisual material for media

Earthquakes in Italy: €1.2 billion in EU repair aid 07-09-2017 - 19:05

Almost €1.2 billion in EU aid to repair damage caused by earthquakes in central Italy in 2016 and 2017 is to be approved by MEPs on Wednesday. The quakes hit the Abruzzo, Lazio, Marche and Umbria regions, leaving 333 people dead and over 30,000 displaced and needing help.

**I**nfrastructure was severely damaged and businesses, including farms and tourism firms, were significantly affected. The €1,196,797,579 from the EU Solidarity Fund (EUSF) – the biggest-ever single EUSF payment – can be used to pay for reconstruction, emergency and clean-up work, and to protect landmarks.

**Background**

The EUSF was set up in 2002 in response to disastrous flooding in central Europe in the summer of that year. Since then, repair work after 76 disasters — including floods, forest fires, earthquakes, storms and drought — in at least 24 EU countries has received EUSF aid totalling more than €5 billion .

Procedure:  Budgetary

2017/2101(BUD)

Vote:  Wednesday, 13 September

Press confrence: Wednesday, 14.00 with the rapporteur Giovanni La Via (EPP, IT)

#EUBudget #EUBudget2017 #EUSF

  Further information :

* Press release on committee vote (30.08.2017)

1. Profile of rapporteur Giovanni La Via (EPP, IT)
2. Procedure file
3. Audiovisual material for media

€3.5 million EU aid to former workers at Microsoft Finland and suppliers 07-09-2017 - 19:05

EU job-search aid worth €3,520,080 for 1,000 former IT workers in western and southern Finland is up for a vote on Wednesday. The downscaling by mobile phone manufacturer Microsoft Mobile Oy, which had teamed up with Nokia, also affected its suppliers and downstream ***producers***.

Most of the redundancies, attributed to worldwide competition and loss of mobile phone market share, were in the Helsinki-Uusimaa, Länsi-Suomi and Etelä-Suomi regions

The measures, co-financed by the European Globalisation Adjustment Fund (EGF), include career coaching and individual guidance, employment and business services, vocational training schemes, services for new entrepreneurs and start-up grants, hiring incentives, training-related allowances, subsidies and contributions towards removal costs. The Fund’s annual ceiling is €150 million.

This particular EGF aid was approved by the Council of Ministers on 17 July 2017.

Procedure:  Budgetary

2017/2098(BUD)

Vote:  Wednesday, 13 September

#EUBudget #EGF #EUFunds

**or**    Further information :

* Press release on committee vote (30/08/2017)

1. Profile of rapporteur: Petri Sarvamaa (EPP, FI)
2. Procedure file
3. Audiovisual material for media

Extra €500 million to fight youth unemployment 07-09-2017 - 19:05

Half a billion euros more for the EU’s Youth Employment Initiative (YEI) as part of a €1.2 billion top-up agreed for 2017-2020, will be voted on Wednesday by Parliament, which fought for this.

During last week’s vote in the Budgets Committee , MEPs called on the Commission and Member States to ensure that the whole additional €500 million is fully allocated by the end of 2017.

**Background**

The Youth Employment Initiative was launched in 2013 to support young people who are not in education, employment or training, aged below 25 and living in regions where youth unemployment was higher than 25% in 2012.

According to the European Commission , since 2013 the YEI has provided direct support to over 1.4 million young people.

Related country-by-country information can be downloaded here . A report on the first results of the YEI was published in October 2016 .

Procedure:  Budgetary

2017/2078(BUD)

Vote:  Wednesday, 13 September

#EUFunds #EUBudget #EUBudget2017 #YEI

    Further information :

* Draft resolution on increasing the budgetary resources of the Youth Employment Initiative

1. Press release on committee vote (30.08.2017)
2. Profile of rapporteur Jens Geier (S&D, DE)
3. Procedure file
4. Audiovisual material for media

Erasmus+ ***programme*** at risk? 07-09-2017 - 19:05

MEPs will quiz the European Commission about its budgetary ***plans*** for a number of projects, in particular the European Solidarity Corps. The Commission intends to finance the projects using funds dedicated to the Erasmus+ ***programme***. Following Wednesday´s debate, a resolution will be put to the vote on Thursday.

Parliament is concerned that the Commission is set to divert Erasmus+ money to new policy initiatives, even though a significant number of high-quality Erasmus+ projects are being denied funding due to insufficient resources.

Procedure:  Oral question with resolution

2017/2740(RSP)

Debate: Wednesday, 13 September

Vote:  Thursday, 14 September

#ErasmusPlus

    Further information :

* Question for oral answer to the Commission (O-000062/2017)

1. EP Research - At a glance - Implementation of Erasmus+
2. Erasmus+ ***programme***
3. Audiovisual material for media

MEPs want more transparency in law-making 07-09-2017 - 19:05

Lobbyists should be denied entry into the European Parliament, unless they provide the detailed information required by the EU Transparency Register, say MEPs in a resolution to be put to the vote on Thursday.

Members also want to extend the “cooling-off period” for former European Commissioners to three years, to prevent them from taking part in lobbying activities too soon after leaving office.

Procedure: non-legislative resolution

2015/2041(INI)

Debate: Monday, 11 September

Vote: Thursday, 14 September

 #EUtransparency   Further information :

* Draft resolution on transparency, accountability and integrity in the EU institutions

1. Press release on committee vote (21.03.2017)
2. Profile of rapporteur Sven Giegold (Greens/EFA, DE)
3. Procedure file
4. Audiovisual material for media

MEPs may oppose ***plan*** to relax radioactivity checks on food from around Fukushima 07-09-2017 - 19:05

MEPs fear that the proposal could lead to an increase in exposure to radioactively contaminated food.

MEPs are set to call on the EU Commission to drop ***plans*** to relax radioactive contamination checks on EU imports of certain foodstuffs harvested near Japan’s Fukushima power plant. The resolution will be voted on Wednesday.

Radioactivity checks are currently mandatory for food imports from twelve Japanese prefectures, all of which were exposed to radioactive fallout from the nuclear disaster at the Fukushima plant in 2011.

However, the ***plans*** would, without justification, allow foods such as rice, certain fish and molluscs from the Fukushima region to be imported into the EU without checks,  sampling or analysis.

Procedure:  non-legislative resolution (objection)

Vote:  Wednesday, 13 September

#Fukushima   Further information :

* Profile of rapporteur Michèle Rivasi (Greens/EFA, FR)

1. Audiovisual material for media

Hurricane Irma: help needed 07-09-2017 - 19:05

The devastating impact of Hurricane Irma on the Caribbean islands, including parts of the EU’s Outermost Regions, with wind speeds of 300 kilometres per hour, will be addressed on Wednesday evening in a brief debate with the Commission.

Hurricane Irma, a category 5 hurricane, reached the northern Leeward Islands (FR), Barbuda and Saint Martin (FR, NL), British and US Virgin Islands on 6 September. Heavy rain, very strong winds and a storm surge caused the deaths of at least ten people, with many others injured and thousands displaced. 95% of the houses in Barbuda were damaged.

The centre of Irma is expected to pass north of Puerto Rico, the Dominican Republic and Haiti on 7-8 September, south of the Turks and Caicos (UK) and the Bahamas on 8-9 September, and north of Cuba on 9-10 September. It could reach southern Florida (USA) on 10-11 September.

Procedure:  Commission statements with debate

Debate:  Wednesday 13 September

 #IRMA   Further information :

* Audiovisual material for professionals

Human rights: MEPs to denounce Rohingya crisis in Myanmar 07-09-2017 - 19:05

Parliament will discuss the fate of Rohingyas in Myanmar, the repression of the Gabonese opposition and other human rights breaches in Cambodia and Laos on Thursday morning.

MEPs will hold urgent debates on the following human rights, democracy and rule of law topics on Thursday, at around 10.00, with the votes following at 12.00

* Cambodia: notably the case of Mr. Kem Sokha

1. Gabon: repression of the opposition
2. Laos: notably the cases of Somphone Phimmasone, Lod Thammavong and Soukane Chaithad
3. Myanmar, in particular the situation of Rohingyas

Nearly 125,000 people have been fleeing Myanmar's Rakhine state for Bangladesh, according to United Nations.

Procedure: non-legislative resolutions

Debates/votes: Thursday, 14 September

#humanrights     Other topics on the agenda 07-09-2017 - 19:05

Other topics for debate and vote include the following:

* Franchising in the retail sector, De Jong (INI), vote Tuesday

1. Modernize EU-Chile agreement + organic food agreement, Rodriguez (INI; Consent), debate Wednesday, vote Thu rsday
2. Uniform format of resident permits for third country nationals, Halla-Aho (COD), vote Wednesday
3. Budget 2018: presentation by the Council, debate Tuesday
4. Objection to GMO soybean DAS-68416-4, vote Wednesday
5. Objection to labelling rules for total diet replacement, vote Wednesday

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| Last updated: 8 September 2017 | Legal notice |

**Load-Date:** October 31, 2017

**End of Document**



[***More strategic investment in Africa's ports can accelerate growth and development by strengthening trade - PwC report***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S35-47Y1-JD3Y-Y3XH-00000-00&context=1516831)

FinancialWire

April 12, 2018 Thursday

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**Length:** 2127 words

**Body**

Africa needs to take advantage of the economic potential of its ports and shipping sector if it is to realise its growth ambitions. Globally, ports are gateways for 80% of merchandise trade by volume and 70% by value. Investment in ports and their related transport infrastructure to advance trade and promote overall economic development and growth is therefore vital -- particularly in emerging economies that are currently under-served by modern transportation facilities.

However, port investment must be channelled appropriately to ensure financial sustainability and economic growth. Investment is not always about building new ports or terminals -- investment spent on infrastructure without cognisance of the efficiency and effectiveness of the performance of the port may not ***produce*** the desired results. Port performance must be seen in the context of not only port infrastructure shortfalls, but also the fact that port performance has a direct impact on the efficiency and reliability of the entire transport network in which the port is just a node for the transfer of goods.

These are among the key findings of an analysis of port development in sub-Saharan Africa (SSA) issued by PwC ([*www.PwC.com*](http://www.PwC.com)) today. The report, 'Strengthening Africa's gateways to trade', was developed in response to the challenges facing SAA's ports in attracting external investment and highlighting the regional economic and growth benefits thereof.

Download the report 'Strengthening Africa's gateways to trade' here:   [*https://goo.gl/pXBsZK*](https://goo.gl/pXBsZK)

Why ports matter

As an emerging market region endowed with vast resources and a growing population, SSA must accelerate its market access and trade across the region and with the rest of the world. PwC analysis shows that a 25% improvement in port performance could increase GDP by 2%, demonstrating the close relationship between port effectiveness and trade competitiveness. With growing congestion in many African ports, Africa runs the risk of sacrificing further growth through lack of investment in port terminal infrastructure. Access to effective ports, interconnecting infrastructure and efficient operations to cope with current demand and future growth, will lead to reduced costs and improved overall freight logistics efficiency and reliability -- all of which are fundamental to the region's future success.

Despite the high volumes of goods that require transport, the development and integration of ports in Africa's wider logistic chains remains uneven. Some ports are important generators of benefit and serve large hinterland areas, often extending beyond national borders. Others lag in terms of available facilities, reliability and efficiency in the handling of freight, which increase supply-chain costs. The disparities in performance between different ports impacts on Africa transport logistic chains, and makes African countries less competitive than they could be.

Dr. Andrew Shaw, PwC Africa Transport and Logistics Leader, says: "Ports are a vital part of the supply chain in Africa, with many ports having a far-reaching hinterland often spanning a number of countries, which makes them a natural focus for regional development."

"In this report we show that the global transportation and logistics industry can no longer afford to ignore developments in Africa. Logistics service providers and ports in particular will continue to play a key facilitator role in trade competitiveness and thus facilitate trade and sustained economic growth across the region. Trade competitiveness requires governments and key stakeholders to see ports as facilitators of trade and integrators in the logistics supply chain. Efficient ports can make countries and regions more competitive and thus improve their growth prospects. The reliability and efficiency of each port terminal, including minimising delay to shippers, is critical to enhancing future trade facilitation."

Kuria Muchiru, Partner, Government Public Sector PwC Kenya, adds: "Efficient port operations in Mombasa and Dar es Salaam are critical to increased throughput and evacuation of cargo. Investments in rail are seen as a major step towards contributing to improved performance. Developments in multimodal operations and master ***planning*** of the ports to keep up to date with increasing throughput, which in turn fuels economic growth are critical to efficiency. In the long run East Africa is expected to a be a major transhipment hub on the East Coast of Africa, which will reduce freight costs in addition to contributing to the Belt and Road. "

Ian Arufor, Partner PwC Nigeria, comments: "International trade is a primary vehicle for the international movement of capital to developing nations, which ultimately drives economic development."

"As the larger West African economies embark upon, or seek to accelerate, the implementation of their economic development drives, new and / or expanded port access and capabilities are increasingly recognised as key tenets of these ***programs***. This is exemplified by the number of active port development and expansion projects in Nigeria and Ghana."

The case for shifting focus

Historically, many governments have focused on the revenues that can be extracted from ports as opposed to recognising them as facilitators of trade and growth. Africa needs to shift its understanding of the role ports can play and step up investment in them to achieve its economic development goals. In particular, there should be more awareness of the greater economic benefits that effective and efficient ports can play.

In SSA, the business case for port expansion is often only defined once capacity is already constrained and thus many ports operate under severe pressure while investment decisions are being made. This continual lag, which often lasts years, reduces competiveness and takes no account of the resulting reduced trade impact on African economies. In contrast, China's approach to port investment is instructive. China considers port investments on the benefits it receives from trade and thus regards ports as highly ***strategic*** investments in the national interest.

High port logistics costs, poor reliability and low economies of scale in trade volumes have a negative impact on trade growth in Africa. According to PwC estimates, US$ 2.2 billion per annum could be saved in logistics costs if the average throughput at the major ports in SSA doubled. In other parts of the world, such a focus on volume and efficiency has led to a stronger emphasis on hub and feeder ports for containers and enhancing scale for commodity bulk terminals.

Although individual countries in Africa have tended to push for developing their own hub ports (ports with the greatest volume potential), it is likely that we will see some ports eventually emerge as major hubs. PwC's analysis shows that, based on the degree of shipping liner connectivity, amount of trade passing through a port, and the size of the hinterland, Durban (South Africa), Abidjan (Côte d'Ivoire) and Mombasa (Kenya) are most likely to emerge as the major hubs in Southern Africa, West Africa and East Africa, respectively.

It is notable that SSA merchandise trade has increased by about 300% over the past 30 years, yet the region contributed less than 1% to the value of world trade growth during this period. The value of SSA exports has declined since the end of the resources boom, while imports have continued to grow. As demand for commodities begins to increase once more, we expect to see prices and volumes will rise again.

The fact that most African countries have an imbalance in trade focused on commodity exports and manufactured imports poses major cost challenges. SSA imports are predominated by containerised cargo, while exports are mostly handled as bulk freight. This trade imbalance between imports and exports means that many containers return empty, thereby absorbing valuable port capacity and resulting in higher logistics costs for inbound traffic to offset the cost of an empty return leg. Improving Africa's trade potential to export manufactured, semi-processed or ***agricultural*** goods would significantly improve the imbalance in containerised trade. This rebalancing of containerised trade offers a unique opportunity for African countries to beneficiate and expand trade in higher-value exports.

Most SSA ports are public sector owned and managed, which makes the raising of capital in a constrained economic environment difficult. Governments' role in the port sector also affects investment returns because of the manner in which they regulate and operate ports.

Greater clarity and transparency about government involvement and regulation of port activity is important. Almost all investors we spoke to during our research highlighted governance as the main risk consideration in their investment decision to support increased port investment. This is in an environment in which 67% of port terminal operators interviewed in southern Africa felt that they needed to expand their port facilities.

Performance of ports in SSA

A range of physical, organisational, technological and institutional elements play a role in determining port capacity and efficiency. PwC has developed a Port Performance Analysis (PPA) that tests the performance of SSA ports against international norms and practices. Using the PPA assessment tool, notwithstanding the fact that each region and port has its own specific challenges, it is possible to draw the following conclusions about SSA ports: There is a lag in investment in port infrastructure, which tends to perpetuate bottlenecks at key African ports. The investment lag is largely driven by reluctance to invest ahead of demand and when investment decisions are made, it frequently takes a number of years before new equipment is supplied or infrastructure constructed. African ports tend to operate at higher densities than their global counterparts due to land constraints. Terminal capacity utilisation is often constrained by vessel sizes, vessel utilisation and call frequency. Road network around ports are often not sufficient to sustain port volumes. Many of the handling inefficiencies and long container dwell times are not the result of port infrastructure shortfalls at all. Rather, they are a consequence of poor port management, customs and associated container clearing processes, as well as inadequate landside connections which prevent containers leaving ports without delay.

Future drivers of investment

The report assesses current investment in SSA's ports and reveals a number of trends: Ownership and service models are gravitating towards greater private-sector involvement; Increasing competition between ports is driving investment decisions; Shipping lines and port operators are increasingly driving port investment; Externally-funded commodities and consumer goods are driving investment; Appetite for large greenfield investment is waning; Focus on intermodal facilities and dry ports is increasing; and Greater awareness of infrastructure interdependencies.

Shaw comments: "SSA ports are under increasing pressure to respond to the needs of shipping lines, logistic providers and multinational traders, as they seek to drive efficiencies throughout the value chain. There remains a strong case for SSA to focus on investment in ports. Developing port infrastructure ahead of demand, focusing on the ports with the greatest potential (the 'hub' ports of the future) and improving the overall functioning of these ports so that through productivity gains they are increasingly attractive as destinations for global trade are key imperatives."

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[***Council of the European Union: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 ST 7204 2017 REV 1***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R0W-2HC1-JDG9-Y2C1-00000-00&context=1516831)

Impact News Service

November 20, 2017 Monday

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**Body**

Brussels: Council of the European Union has issued the following document:

7204/1/17 REV 1 AT/st 1 DGE 2B EN Council of the European Union Brussels, 20 September 2017 (OR. en) 7204/1/17 REV 1 ENER 109 CLIMA 61 CODEC 365 Interinstitutional File: 2016/0375 (COD) NOTE From: General Secretariat of the Council To: Delegations No. Cion doc.: 15090/17 ENER 412 CLIMA 167 IA 123 CODEC 1788 REV 1 Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 Delegations will find attached the text of the draft Regulation, amended in light of the discussions in the Energy Working Party on 6 and 25 July and the written comments received. Consequential changes reflecting the Council general approaches on the EPBD and EED proposals are also included (as reflected in docs. 10729/17 and 10536/17, respectively). Changes compared to the previous document are indicated in bold underlined; deletions are marked with [] or [strikethrough]. Changes compared to the Commission proposal remain indicated with bold text and []. 7204/1/17 REV 1 AT/st 2 DGE 2B EN 2016/0375 (COD) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union and Climate Action, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 (Text with EEA relevance) THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) and Article 194(2) thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, [Having regard to the opinion of the European Economic and Social Committee1,] [Having regard to the opinion of the Committee of the Regions2,] Acting in accordance with the ordinary legislative procedure, Whereas: 1 OJ C , , p. . 2 OJ C , , p. . 7204/1/17 REV 1 AT/st 3 DGE 2B EN (1) This Regulation sets out the necessary legislative foundation for a reliable and transparent Governance that ensures the achievement of the objectives and targets of the Energy Union through complementary, coherent and ambitious efforts by the Union and its Member States, while promoting the Union's Better Regulation principles.

(2) The European Energy Union should cover five key dimensions: energy security; the internal energy market; energy efficiency; decarbonisation; and research, innovation and competitiveness. (3) The goal of a resilient Energy Union with an ambitious climate policy at its core is to give Union consumers, both households and businesses, secure, sustainable, competitive and affordable energy, which requires a fundamental transformation of Europe's energy system. That objective can only be achieved through coordinated action, combining both legislative and non-legislative acts at Union and national level. (4) The Commission's proposal was developed in parallel to and is adopted together with a series of initiatives in sectorial energy policy, notably with regard to renewable energy, energy efficiency and market design. Those initiatives form a package under the overarching theme of energy efficiency first, the Union’s global leadership in renewables, and a fair deal for energy consumers. (5) The European Council agreed on 24 October 2014 on the 2030 Framework for Energy and Climate for the Union based on four key EU level targets: at least 40% cut in economy wide greenhouse gas ('GHG') emissions, an indicative target of at least 27% improvement in energy efficiency, to be reviewed by 2020 with a view to a level of 30%, at least 27% for the share of renewable energy consumed in the Union, and at least 15% for electricity interconnection. It specified that the target for renewable energy is binding at Union level and that it will be fulfilled through Member States’ contributions guided by the need to deliver collectively the Union target. 7204/1/17 REV 1 AT/st 4 DGE 2B EN (6) The binding target of at least a 40% domestic reduction in economy-wide greenhouse gas emissions by 2030 compared to 1990 was formally approved as the Intended Nationally Determined Contribution of the Union and its Member States to the Paris Agreement at the Environment Council meeting on 6 March 2015. The Paris Agreement was ratified by the Union on 5 October 20163 and entered into force on 4 November 2016. It replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020. Therefore the Union’s system for monitoring and reporting emissions and removals should be updated in the light of this. (7) The European Council also concluded on 24 October 20144 that a reliable and transparent governance system, without any unnecessary administrative burden, should be developed to help ensure that the Union meets its energy policy goals, with the necessary flexibility for Member States and fully respecting their freedom to determine their energy mix. It emphasized that such governance system should build on existing building blocks, such as national climate ***programmes***, national ***plans*** for renewable energy and energy efficiency as well as the need to streamline and bring together separate ***planning*** and reporting strands. It also agreed to step up the role and rights of consumers, transparency and predictability for investors, inter alia by systematic monitoring of key indicators for an affordable, safe, competitive, secure and sustainable energy system and to facilitate coordination of national energy policies and foster regional cooperation between Member States. (8) The Commission's Energy Union Strategy of 25 February 2015 states the need for an integrated Governance to make sure that energy-related actions at Union, regional, national and local level all contribute to the Energy Union's objectives, thereby broadening the scope of Governance – beyond the 2030 Framework for Climate and Energy – to all five key dimensions of the Energy Union. 3 Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (OJ L 282, 19.10.2016, p. 1). 4 Conclusions of the European Council 23 - 24 October 2014 (EUCO 169/14). 7204/1/17 REV 1 AT/st 5 DGE 2B EN (9) In its Communication on the State of the Energy Union of 18 November 20155 the Commission further specified that integrated national energy and climate ***plans***, addressing all five key dimensions of the Energy Union, are necessary tools for a more ***strategic*** energy and climate policy ***planning***. As part of the State of the Energy Union, the Commission Guidance to Member States on integrated national energy and climate ***plans*** provided the basis for Member States to start developing national ***plans*** for the period 2021 to 2030 and set out the main pillars of the governance process. The State of the Energy Union also specified that the Governance should be anchored in legislation. (10) The Conclusions of the Council of 26 November 20156 recognised that the Governance of the Energy Union will be an essential tool for the efficient and effective construction of the Energy Union and the achievement of its objectives. They underlined that the governance system should be based on the principles of integration of ***strategic*** ***planning*** and reporting on the implementation of climate and energy policies and coordination between actors responsible for energy and climate policy, at Union, regional and national level. They also underlined that the Governance should ensure that the agreed energy and climate targets for 2030 are met; and that the Governance would monitor the Union’s collective progress towards the achievement of the policy objectives across the five dimensions of the Energy Union. (11) The European Parliament's resolution 'Towards a European Energy Union' of 15 December 20157 called for the Governance framework for the Energy Union to be ambitious, reliable, transparent, democratic and fully inclusive of the European Parliament and to ensure that the 2030 climate and energy targets are achieved. 5 Communication State of the Energy Union 2015 of 18.11.2015, COM(2015)572 final. 6 Conclusions of the Council of 26 November 2015 (14459/15). 7 European Parliament resolution of 15 December 2015 on 'Towards a European Energy Union' (2015/2113(INI)). 7204/1/17 REV 1 AT/st 6 DGE 2B EN (12) Therefore, the main objective of the Energy Union Governance should be to enable the achievement of the objectives of the Energy Union and in particular the targets of the 2030 Framework for Climate and Energy. This Regulation is therefore linked to sectorial legislation implementing the 2030 targets for energy and climate. While Member States need flexibility to choose policies that are best-matched to their national energy mix and preferences, that flexibility should be compatible with further market integration, increased competition, the attainment of climate and energy objectives and the gradual shift towards a low-carbon economy. (13) The transition to a low-carbon economy requires changes in investment behaviour and incentives across the entire policy spectrum. Achieving greenhouse gas emission reductions requires a boost to efficiency and innovation in the European economy and in particular should also lead to improvements of air quality. (14) As greenhouse gases and air pollutants largely derive from common sources, policy designed to reduce GHGs can have co-benefits for air quality that could offset some or all of the near-term costs of GHG mitigation. As data reported under Directive 2001/81/EC of the European Parliament and the Council8 represent an important input for the compilation of the GHG inventory and the national ***plans***, the importance of compilation and reporting of consistent data between Directive 2001/81/EC and the GHG inventory should be recognised. 8 Directive 2001/81/EC of the European Parliament and the Council on National Emission Ceilings for certain pollutants (OJ L 309, 27.11.2001, p. 22). 7204/1/17 REV 1 AT/st 7 DGE 2B EN (15) The experience gained in implementing Regulation (EU) No 525/2013 of the European Parliament and the Council9 indicated the need for synergies and coherence with reporting under other legal instruments, in particular with Directive 2003/87/EC of the European Parliament and the Council10, Regulation (EC) No 166/2006 of the European Parliament and the Council11, Regulation (EC) No 1099/2008 of the European Parliament and the Council12 and Regulation (EC) No 517/2014 of the European Parliament and the Council13. The use of consistent data to report greenhouse gas emissions is essential to ensuring the quality of emissions reporting. (16) In line with the Commission's strong commitment to Better Regulation, the Energy Union Governance should result in a significant reduction of administrative burden for the Member States, the Commission and other Union Institutions and it should help to ensure coherence and adequacy of policies and measures at Union and national level with regard to the transformation of the energy system towards a low-carbon economy. 9 Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC (OJ L 165, 18.6.2013, p. 13). 10 Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community (OJ L 275, 25.10.2003, p. 32). 11 Regulation (EC) No 166/2006 of the European Parliament and of the Council of 18 January 2006 concerning the establishment of a European Pollutant Release and Transfer Register (OJ L 33, 4.2.2006, p. 1). 12 Regulation (EC) No 1099/2008 of the European Parliament and of the Council of 22 October 2008 on energy statistics (OJ L 304, 14.11.2008, p. 1). 13 Regulation (EC) No 517/2014 of the European Parliament and of the Council of 16 April 2014 on fluorinated greenhouse gases and repealing Regulation (EC) No 842/2006 (OJ L 150, 20.5.2014, p. 195). 7204/1/17 REV 1 AT/st 8 DGE 2B EN (17) The achievement of the Energy Union objectives should be ensured through a combination of Union initiatives and coherent national policies set out in integrated national energy and climate ***plans***. Sectorial Union legislation in the energy and climate fields sets out ***planning*** requirements, which have been useful tools to drive change at the national level. Their introduction at different moments in time has led to overlaps and insufficient consideration of synergies and interactions between policy areas. Current separate ***planning***, reporting and monitoring in the climate and energy fields should therefore as far as possible be streamlined and integrated. (18) The integrated national energy and climate ***plans*** should cover ten-year periods and provide an overview of the current energy system and policy situation. They should set out national objectives for each of the five key dimensions of the Energy Union and corresponding policies and measures to meet those objectives and have an analytical basis. The national ***plans*** covering the first period from 2021 to 2030 should pay particular attention to the 2030 targets for greenhouse gas emission reductions, renewable energy, energy efficiency and electricity interconnection. Member States should aim to ensure that the national ***plans*** are consistent with and contribute to achieving the Sustainable Development Goals. In setting out the national ***plans***, Member States may build upon existing national strategies or ***plans***. (19) A mandatory template for the national ***plans*** should be established to ensure that all national ***plans*** are sufficiently comprehensive and to facilitate comparison and aggregation of national ***plans***, while at the same time ensuring sufficient flexibility to Member States to set out the details of national ***plans*** reflecting national preferences and specificities. 7204/1/17 REV 1 AT/st 9 DGE 2B EN (20) The implementation of policies and measures in the areas of the energy and climate has an impact on the environment. Member States should therefore ensure that the public is given early and effective opportunities to participate in and to be consulted on the preparation of the integrated national energy and climate ***plans*** in accordance, where applicable, with the provisions of Directive 2001/42/EC of the European Parliament and of the Council14 and the United Nations Economic Commission for Europe ('UNECE') Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters of 25 June 1998 (the 'Aarhus convention'). Member States should also ensure involvement of social partners in the preparation of the integrated national energy and climate ***plans***. (21) Regional cooperation is key to ensure an effective achievement of the objectives of the Energy Union. Member States should get the opportunity to comment on other Member States' ***plans*** before they are finalised to avoid inconsistencies and potential negative impacts on other Member States and ensure that common objectives are met collectively. Regional cooperation in elaborating and finalising national ***plans*** as well as in the subsequent implementation of national ***plans*** should be essential to improve effectiveness and efficiency of measures and foster market integration and energy security. (22) National ***plans*** should be stable to ensure transparency and predictability of national policies and measures in order to ensure investor certainty. Updates of national ***plans*** should however be foreseen once during the ten-year period covered to give Member States the opportunity to adapt to significant changing circumstances. For the ***plans*** covering the period from 2021 to 2030, Member States should be able to update their ***plans*** by 1 January 2024. Targets, objectives and contributions should only be modified to reflect an increased overall ambition in particular as regards the 2030 targets for energy and climate. As part of the updates, Member States should make efforts to mitigate any adverse environmental impacts that become apparent as part of the integrated reporting. 14 Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain ***plans*** and ***programmes*** on the environment (OJ L 197, 21.7.2001, p.30). 7204/1/17 REV 1 AT/st 10 DGE 2B EN (23) Stable long-term low emission strategies are crucial to contribute towards economic transformation, jobs, growth and the achievement of broader sustainable development goals, as well as to move in a fair and cost-effective manner towards the long-term goal set by the Paris Agreement. Furthermore, Parties to the Paris Agreement are invited to communicate, by 2020, their mid-century, long-term low greenhouse gas emission development strategies. (24) As is the case for ***planning***, sectorial Union legislation in the energy and climate fields sets out reporting requirements, many of which have been useful tools to drive change at the national level, but those requirements have been introduced at different moments in time which has led to overlaps and insufficient consideration of synergies and interactions between policy areas such as GHG mitigation, renewable energy, energy efficiency and market integration. To strike the right balance between the need to ensure a proper follow-up of the implementation of national ***plans*** and the need to reduce administrative burden, Member States should establish biennial progress reports on the implementation of the ***plans*** and other developments in the energy system. Some reporting however, particularly with regard to reporting requirements in the climate field stemming from the United Nations Framework Convention on Climate Change ('UNFCCC') and Union Regulations, would still be necessary on a yearly basis. (25) Member States' integrated progress reports should mirror the elements set out in the template for the national ***plans***. A template for the integrated progress reports should be detailed in subsequent implementing act(s) given their technical nature and the fact that the first progress reports are due in 2021. The progress reports should be carried out in order to ensure transparency towards the Union, other Member States and market actors including consumers. They should be comprehensive across the five dimensions of the Energy Union and, for the first period, at the same time put emphasis on areas covered by the targets of the 2030 Climate and Energy Framework. 7204/1/17 REV 1 AT/st 11 DGE 2B EN (26) Under the UNFCCC, the Union and its Member States are required to develop, regularly update, publish and report to the Conference of the Parties national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases using comparable methodologies agreed by the Conference of the Parties. The GHG inventories are key to enabling the tracking of progress with the implementation of the decarbonisation dimension and for assessing compliance with the legislation in the field of climate, in particular Regulation [OP: act number XXX on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change]15 ('Regulation [ ] [ESR]') and Regulation [OP: act number XXX on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation (EU) No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change] ('Regulation [ ] [LULUCF]')16. (27) Decision 1/CP.16 of the Conference of the Parties to the UNFCCC requires the establishment of national arrangements to estimate anthropogenic emissions by sources and removals by sinks of all greenhouse gases. This Regulation should enable the establishment of those national arrangements. 15 OJ L […], […], p. […]. 16 OJ L […], […], p. […]. 7204/1/17 REV 1 AT/st 12 DGE 2B EN (28) The experience in the implementation of Regulation (EU) No 525/2013 demonstrated the importance of transparency, accuracy, consistency, completeness and comparability of information. Building on that experience, this Regulation should ensure that Member States report on their policies and measures and projections as a key component of the progress reports. The information in those reports should be essential for demonstrating the timely implementation of commitments under Regulation [ ] [ESR]. Operating and continuously improving systems at Union and Member State level coupled with better guidance on reporting should significantly contribute towards an on-going strengthening of the information necessary in order to track progress in the decarbonisation dimension. (29) This Regulation should ensure reporting by Member States on adaptation to climate change and the provision of financial, technological and capacity-building support to developing countries, thereby facilitating the implementation of the Union's commitments under the UNFCCC and Paris Agreement. Furthermore, information on national adaptation actions and support is also important in the context of the integrated national energy and climate ***plans***, especially as regards adaptation to those adverse effects of climate change related to the security of the Union's energy supply such as the availability of cooling water for power plants and biomass availability for energy, and information on support relevant to the external dimension of the Energy Union. (30) In order to limit administrative burden on Member States and the Commission, the latter should establish an online reporting platform to facilitate communication and promote cooperation. That should facilitate [] timely submission of reports as well as [] improved transparency on national reporting. The e-reporting platform should complement, build on and benefit from existing reporting processes, databases and e-tools, such as those of the European Environment Agency, Eurostat, the Joint Research Centre and the lessons learned from the Union's Eco-Management and Audit Scheme. 7204/1/17 REV 1 AT/st 13 DGE 2B EN (31) As concerns data to be provided to the Commission by means of national ***planning*** and reporting, information from Member States should not duplicate data and statistics which have already been made available via Eurostat in the context of Regulation (EC) No 223/2009 of the European Parliament and of the Council17 in the same form as under the ***planning*** and reporting obligations of this Regulation and are still available from Eurostat with the same values. Where available and appropriate in terms of timing, reported data and projections provided in the national energy and climate ***plans*** should build on and be consistent with Eurostat data and the methodology used for reporting European statistics in accordance with Regulation (EC) No 223/2009. (32) In view of the collective achievement of the objectives of the Energy Union Strategy, it will be essential for the Commission to assess national ***plans*** and, based on progress reports, their implementation. For the first ten-year period, this concerns in particular the achievement of the Union-level 2030 targets for energy and climate and national contributions to those targets. Such assessment should be undertaken on a biennial basis, and on an annual basis only where necessary, and should be consolidated in the Commission's State of the Energy Union reports. (33) Aviation has impacts on the global climate as a result of the release of CO2 as well as of other emissions, including nitrogen oxides emissions, and mechanisms, such as cirrus cloud enhancement. In the light of the rapidly developing scientific understanding of those impacts, an updated assessment of the non-CO2 impacts of aviation on the global climate is already foreseen in Regulation (EU) No 525/2013. The modelling used in this respect should be adapted to scientific progress. Based on its assessments of such impacts, the Commission could consider relevant policy options for addressing them. 17 Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical ***Programmes*** of the European Communities (OJ L 87, 31.3.2009, p. 164). 7204/1/17 REV 1 AT/st 14 DGE 2B EN (34) To help ensure coherence between national and Union policies and objectives of the Energy Union, there should be an on-going dialogue between the Commission and the Member States. As appropriate, the Commission should issue recommendations to Member States including on the level of ambition of the draft national ***plans***, on the subsequent implementation of policies and measures of the notified national ***plans***, and on other national policies and measures of relevance for the implementation of the Energy Union. Member States should take utmost account of such recommendations and explain in subsequent progress reports how they have been implemented. (35) Should the ambition of integrated national energy and climate ***plans*** or their updates be insufficient for the collective achievement of the Energy Union objectives and, for the first period, in particular the 2030 targets for renewable energy and energy efficiency, the Commission should take measures at Union level in order to ensure the collective achievement of these objectives and targets (thereby closing any 'ambition gap'). Should progress made by the Union towards these objectives and targets be insufficient for their delivery, the Commission should, in addition to issuing recommendations, take measures at Union level or Member States should take additional measures in order to ensure achievement of these objectives and targets (thereby closing any 'delivery gap'). Such measures should take into account early ambitious contributions made by Member States to the 2030 target[ ] for [ ] energy efficiency when sharing the effort for collective target achievement. Such measures should also take into account early efforts made by Member States to the 2030 target for renewable energy by reaching in 2020 a share of energy from renewable sources above its binding target or by making early progress in the implementation of its contribution to the Union's binding target of at least 27% of renewable energy in 2030. In the area of renewable energy, such measures can also include financial contributions by Member States to a financing platform managed by the Commission, which would be used to contribute to the most cost-efficient renewable energy projects across the Union, thus providing the Member State with the option to contribute to the EU target achievement at the lowest possible cost. Member States' national renewable energy targets for 2020 should serve as baseline shares of renewable energy from 2021 onwards. In the area of energy efficiency, additional measures can in particular aim at improving the energy efficiency of products, buildings and transport. 7204/1/17 REV 1 AT/st 15 DGE 2B EN (36) The Union and the Member States should strive to provide the most up-to-date information on their greenhouse gas emissions and removals. This Regulation should enable such estimates to be prepared in the shortest timeframes possible by using statistical and other information, such as, where appropriate, space-based data provided by the Global Monitoring for Environment and Security ***programme*** and other satellite systems. (37) Under Regulation [ ] [ESR], the approach of the annual commitment cycle taken in Decision No 406/2009/EC of the European Parliament and of the Council18 should continue. That requires a comprehensive review of Member States’ greenhouse gas inventories to enable the assessment of compliance and the application of corrective action, where necessary. A review process at Union level of the greenhouse gas inventories submitted by Member States is necessary to ensure that compliance with Regulation [ ] [ESR] is assessed in a credible, consistent, transparent and timely manner. (38) Member States and the Commission should ensure close cooperation on all matters relating to the implementation of the Energy Union, [] with close involvement of the European Parliament on matters related to this Regulation []. The Commission should as appropriate assist Member States in implementing this Regulation, particularly with regard to the establishment of the national ***plans*** and associated capacity building. (39) Member States should ensure that integrated national energy and climate ***plans*** take into consideration the latest country-specific recommendations issued in the context of the European Semester. 18 Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community’s greenhouse gas emission reduction commitments up to 2020 (OJ L 140, 5.6.2009, p. 136). 7204/1/17 REV 1 AT/st 16 DGE 2B EN (40) The European Environment Agency should assist the Commission, as appropriate and in accordance with its annual work ***programme***, with assessment, monitoring and reporting work. (41) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU) should be delegated to the Commission in order to amend the general framework for integrated national energy and climate ***plans*** (template), set up a financing platform to which Member States can contribute in case the Union trajectory towards the 2030 Union renewable energy target is not collectively met, take account of changes in the global warming potentials ('GWPs') and internationally agreed inventory guidelines, set substantive requirements for the Union inventory system and set up the registries pursuant to Article 33. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Inter-institutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member States' experts, and their experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. It should also take into account, where necessary, decisions adopted under the UNFCCC and the Paris Agreement. (42) In order to ensure uniform conditions for the implementation of Articles 15(3), Article 17(4), Article 23(6), Article 30(6), Article 31(3) and (4) and Article 32(3) of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/201119. 19 Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States

of the Commission’s exercise of implementing powers (OJ L 55, 28.2.2011, p. 13). 7204/1/17 REV 1 AT/st 17 DGE 2B EN (43) The Commission should be assisted in its tasks under this Regulation by an Energy Union Committee to prepare implementing acts. It should replace and take on the assignments of the Climate Change Committee, and other committees as appropriate. (44) The Commission should review the implementation of this Regulation in 2026 and make amending proposals as appropriate to ensure the proper implementation of the Regulation and the achievement of its objectives. The review should take into account evolving circumstances and be informed by the results of the global stocktake of the Paris Agreement, where necessary. (45) This Regulation should integrate, amend, replace and withdraw certain ***planning***, reporting and monitoring obligations currently contained in sectorial energy and climate Union legislation to ensure a streamlined and integrated approach to the main ***planning***, reporting and monitoring strands. The following acts should therefore be amended accordingly: – Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons20; – Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC21; – Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/200622; 20 OJ L 164, 30.6.1994, p. 3. 21 OJ L 350, 28.12.1998, p. 58. 22 OJ L 140, 5.6.2009, p. 114. 7204/1/17 REV 1 AT/st 18 DGE 2B EN – Regulation (EC) No 663/2009 of the European Parliament and of the Council of 13 July 2009 establishing a ***programme*** to aid economic recovery by granting Community financial assistance to projects in the field of energy23; – Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/200524; – Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC25; – Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products26; – Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings27; – Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC28; – Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on safety of offshore oil and gas operations and amending Directive 2004/35/EC29; 23 OJ L 200, 31.7.2009, p. 31. 24 OJ L 211, 14.8.2009, p. 36. 25 OJ L 211, 14.8.2009, p. 94 26 OJ L 265, 9.10.2009, p. 9. 27 OJ L 153, 18.6.2010, p. 13. 28 OJ L 315, 14.11.2012, p. 1. 29 OJ L 178, 28.6.2013, p. 66. 7204/1/17 REV 1 AT/st 19 DGE 2B EN – Council Directive (EU) 2015/652 of 20 April 2015 laying down calculation methods and reporting requirements pursuant to Directive 98/70/EC of the European Parliament and of the Council relating to the quality of petrol and diesel fuels30. (46) This Regulation should also integrate in full the provisions of Regulation (EU) No 525/2013. As a consequence, Regulation (EU) No 525/2013 should be repealed as of 1 January 2021. However, in order to ensure that the implementation of Decision No 406/2009/EC continues under Regulation (EU) No 525/2013 and that certain aspects linked to the implementation of the Kyoto Protocol remain covered by legislation, it is necessary that certain provisions remain applicable after this date. (47) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States alone and can therefore, by reason of the scale and effects of the proposed action, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives. HAVE ADOPTED THIS REGULATION: 30 OJ L 107, 25.4.2015, p. 26. 7204/1/17 REV 1 AT/st 20 DGE 2B EN CHAPTER 1 GENERAL PROVISIONS Article 1 Subject matter and scope 1. This Regulation establishes a Governance mechanism to: (a) implement strategies and measures designed to meet the objectives and targets of the Energy Union, and for the first ten-year period from 2021 to 2030 in particular the EU's 2030 targets for energy and climate; (b) ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of reporting by the Union and its Member States to the UNFCCC and Paris Agreement secretariat. The governance mechanism shall be based on national long-term low emission strategies, integrated national energy and climate ***plans*** covering ten-year periods starting from 2021 to 2030, corresponding integrated national energy and climate progress reports by the Member States and integrated monitoring arrangements by the European Commission. It shall define a structured, iterative process between the Commission and Member States in view of the finalisation of the national ***plans*** and their subsequent implementation, including with regard to regional cooperation, and corresponding Commission action. 2. This Regulation shall apply to the [following] five dimensions of the Energy Union that are closely related and mutually reinforcing: (a) energy security, (b) internal energy market, (c) energy efficiency, (d) decarbonisation and (e) research, innovation and competitiveness. 7204/1/17 REV 1 AT/st 21 DGE 2B EN Article 2 Definitions For the purposes of this Regulation, the definitions in [recast of Directive 2009/28/EC as proposed by COM(2016) 767], Directive 2010/31/EU and Directive 2012/27/EU shall apply. The following definitions shall also apply: (1) 'existing policies and measures' mean implemented and adopted policies and measures; (2) 'implemented policies and measures' mean policies and measures for which one or more of the following applies at the date of submission of the national ***plan*** or progress report: directly applicable European legislation or national legislation is in force, one or more voluntary agreements have been established, financial resources have been allocated, human resources have been mobilized; (3) 'adopted policies and measures' mean policies and measures for which an official government decision has been made by the date of submission of the national ***plan*** or progress report and there is a clear commitment to proceed with implementation; (4) '***planned*** policies and measures' are options under discussion and having a realistic chance of being adopted and implemented after the date of submission of the national ***plan*** or progress report; (5) 'projections' means forecasts of anthropogenic greenhouse gas emissions by sources and removals by sinks or developments of the energy system including at least quantitative estimates for a sequence of four future years ending with 0 or 5 immediately following the reporting year; (6) ‘projections without measures’ means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks that exclude the effects of all policies and measures which are ***planned***, adopted or implemented after the year chosen as the starting point for the relevant projection; 7204/1/17 REV 1 AT/st 22 DGE 2B EN (7) ‘projections with measures’ means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks that encompass the effects, in terms of greenhouse gas emission reductions or developments of the energy system, of policies and measures that have been adopted and implemented; (8) ‘projections with additional measures’ means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks or developments of the energy system that encompass the effects, in terms of greenhouse gas emission reductions, of policies and measures which have been adopted and implemented to mitigate climate change or meet energy objectives, as well as policies and measures which are ***planned*** for that purpose; (9) 'the Union’s 2030 targets for energy and climate' means the Union-wide binding target of at least 40% domestic reduction in economy-wide greenhouse gas emissions as compared to 1990 to be achieved by 2030, the Union-level binding target of at least 27% for the share of renewable energy consumed in the Union in 2030, the [] Union-level headline target of [ ] 30% for improving energy efficiency in 2030, [ ] and the 15% electricity interconnection target for 2030 or any subsequent targets in this regard agreed by the European Council or Council and Parliament for the year 2030. (10) 'national inventory system’ means a system of institutional, legal and procedural arrangements established within a Member State for estimating anthropogenic emissions by sources and removals by sinks of greenhouse gases, and for reporting and archiving inventory information; (11) 'indicator' means a quantitative or qualitative factor or variable that contributes to better understanding progress in implementing; (12) 'policies and measures' means all instruments which contribute to meeting the objectives of the integrated national energy and climate ***plans*** and/or to implement commitments under Article 4(2)(a) and (b) of the UNFCCC, which may include those that do not have the limitation and reduction of greenhouse gas emissions or change in the energy system as a primary objective; 7204/1/17 REV 1 AT/st 23 DGE 2B EN (13) 'system for policies and measures and projections' means a system of institutional, legal and procedural arrangements established for reporting policies and measures and projections relating to anthropogenic emissions by sources and removals by sinks of greenhouse gases and to the energy system, inter alia as required by Article 32; (14) 'technical corrections' means adjustments to the national greenhouse gas inventory estimates made in the context of the review carried out pursuant to Article 31 when the submitted inventory data are incomplete or are prepared in a way that is not consistent with relevant international or Union rules or guidelines and that are intended to replace originally submitted estimates; (15) ‘quality assurance’ means a ***planned*** system of review procedures to ensure that data quality objectives are met and that the best possible estimates and information are reported to support the effectiveness of the quality control ***programme*** and to assist Member States; (16) ‘quality control’ means a system of routine technical activities to measure and control the quality of the information and estimates compiled with the purpose of ensuring data integrity, correctness and completeness, identifying and addressing errors and omissions, documenting and archiving data and other material used, and recording all quality assurance activities; (17) 'key indicators' mean the indicators for the progress made with regard to the five dimensions of the Energy Union as proposed by the Commission; (18) 'SET-***Plan***' means the ***Strategic*** Energy Technology ***Plan*** as set out in Commission Communication (2015) 6317. (19) ‘early efforts’ means a Member State's achievement in 2020 of a share of energy from renewable sources above its national binding 2020 target or a Member States early progress in the implementation of its contribution to the Union's binding target of at least 27% of renewable energy in 2030 as referred to in Article 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]. 7204/1/17 REV 1 AT/st 24 DGE 2B EN CHAPTER 2 INTEGRATED NATIONAL ENERGY AND CLIMATE ***PLANS*** Article 3 Integrated national energy and climate ***plans*** 1. By [ ] 31 December 2019 and every ten years thereafter, each Member State shall notify to the Commission an integrated national energy and climate ***plan***. The ***plans*** shall contain the elements set out in paragraph 2. The content of the ***plans*** is further specified in [] Annex I. The first ***plan*** shall cover the period from 2021 to 2030. The following ***plans*** shall cover the ten-year period immediately following the end of the period covered by the previous ***plan***. 2. The integrated national energy and climate ***plans*** shall consist of the following main sections: (a) an overview of the process followed for establishing the integrated national energy and climate ***plan*** consisting of an executive summary, a description of the consultation and involvement of stakeholders and their results, and of regional cooperation with other Member States in preparing the ***plan***; (b) a description of [ ] national objectives, targets and contributions [ ] relating to the [ ] dimensions of the Energy Union, as set out in Article 4 and Annex I; (c) a description of the policies and measures foreseen in relation to [ ] the corresponding objectives, targets and contributions set out under point (b); (d) a description of the current situation of the five dimensions of the Energy Union including with regard to the energy system and greenhouse gas emissions and removals as well as projections with regard to the objectives referred to in point (b) with already existing (implemented and adopted) policies and measures; 7204/1/17 REV 1 AT/st 25 DGE 2B EN (e) an assessment of the impacts of the ***planned*** policies and measures to meet the objectives referred to in point (b); (f) an annex, drawn up in accordance with the requirements and structure laid down in Annex II to this Regulation, setting out the Member State's methodologies and policy measures for achieving the energy savings requirement in accordance with Article 7 to Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761] and Annex V thereto. 3. When preparing the national ***plans*** referred to in paragraph 1, Member States shall take into account the interlinkages between the five dimensions of the Energy Union and they shall use consistent data and assumptions across the five dimensions where relevant. 4. The Commission is empowered to adopt delegated acts 31 in accordance with Article 36 to amend Annex I in order to adapt it to amendments to the Union Energy and Climate policy framework, energy market developments and new UNFCCC and Paris Agreement requirements. Article 4 National objectives, targets and contributions for [ ] the five dimensions of the Energy Union 32 Member States shall set out in their integrated national energy and climate ***plan*** their [ ] objectives, targets and contributions relating to the five dimensions of the Energy Union, as specified in Section A.2 of Annex I. These five dimensions and the main quantified objectives, targets and contributions are set out below: 31 Note: it was underlined during the discussion that implementing acts should not be used to amend an Annex. 32 Note: by limiting the Article 4 to 'headline' targets only, the Presidency intends to move the detailed discussion on what should and should not be included in the integrated energy and climate ***plans*** to the examination of Annex I. It is recalled that due to the setup of the Commission proposal, that discussion on Annex I will in turn have repercussions on the Progress Reports in Chapter 4. 7204/1/17 REV 1 AT/st 26 DGE 2B EN (a) as regards the dimension 'Decarbonisation': (1) with respect to greenhouse gas emissions and removals and with a view to contributing to the achievement of the economy wide EU greenhouse gas emissions reduction target: i. the Member State's binding national target for greenhouse gas emissions and the annual binding national limits pursuant to Regulation [ ] [ESR]; ii. the Member State's commitments pursuant to Regulation [ ] [LULUCF]; iii. where applicable, other national objectives and targets consistent with existing long-term low emission strategies; iv. where applicable, other objectives and targets, including sector targets and adaptation goals; (2) with respect to renewable energy: i. with a view to achieving the Union's binding target of at least 27% renewable energy in 2030 as referred to in Article 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], a contribution to this target in terms of the Member State's share of energy from renewable sources in gross final consumption of energy in 2030, with an indicative [] trajectory for that contribution from 2021 onwards. By 2025, the indicative trajectory shall reach at least [X]%33 of the total increase in the share of energy from renewable sources between that Member State's binding 2020 national target and its contribution to the 2030 target. The Member States' indicative trajectories, taken together, shall add up to the Union's binding target of at least 27% renewable energy in 2030; ii. estimated trajectories for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the heating and cooling, electricity, and transport sectors; 33 Note: delegations are invited to express themselves on this percentage. 7204/1/17 REV 1 AT/st 27 DGE 2B EN iii. [] assessed contributions by renewable energy technology that the Member State ***plans*** to use to achieve the overall and sectorial trajectories for renewable energy from 2021 to 2030 including total expected gross final energy consumption per technology and sector in Mtoe and total ***planned*** installed capacity per technology and sector in MW; (b) as regards the dimension 'Energy Efficiency': (1) the indicative national energy efficiency contribution to achieving the Union's [binding] energy efficiency target of 30% in 2030 as referred to in Article 1(1) and Article 3(4) of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761], based on either primary or final energy consumption, primary or final energy savings, or energy intensity. Member States shall express their contribution in terms of absolute level of primary energy consumption and final energy consumption in 2020, and in terms of absolute level of primary energy consumption and/or final energy consumption in 2030, with a linear trajectory for that contribution from 2021 onwards. They shall explain their underlying methodology and the conversion factors used; (2) the cumulative amount of energy savings to be achieved over the period 2021-2030 under Article 7 on energy saving obligations of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761]; (3) the objectives of [] the long-term strategy for the renovation of the national stock of residential and [] non-residential buildings, [] both public and private[], in accordance with Article 2a of Directive 2010/31/EU on the energy performance of buildings; (4) the total floor area to be renovated or equivalent annual energy savings to be achieved from 2020 to 2030 under Article 5 on the exemplary role of public bodies' buildings of Directive 2012/27/EU; (5) other national energy efficiency objectives, if any, including long term targets or strategies and sectorial targets in areas such as transport, heating and cooling; 7204/1/17 REV 1 AT/st 28 DGE 2B EN (c) as regards the dimension 'Energy Security':. (1) national objectives with regard to increasing the diversification of energy sources and supply from third countries; (2) if applicable, national objectives with regard to reducing energy import dependency from third countries; (3) national objectives with regard to the readiness to cope with constrained or interrupted supply of an energy source, in coherence with the ***plans*** to be established under Regulation [as proposed by COM(2016) 52 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010] as well as under Regulation [as proposed by COM(2016) 862 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC] including a timeframe for when the objectives should be met; (4) national objectives with regard to deployment of national domestic energy sources []; (d) as regards the dimension 'Internal Energy Market': (1) the level of electricity interconnectivity that the Member State aims for in 2030 in consideration of the electricity interconnection target for 2030 of at least 15 %; Member States shall explain the underlying methodology 34; (2) key national objectives for electricity and gas transmission infrastructure that are necessary for the achievement of objectives and targets under any of the five dimensions of the Energy Union Strategy; 34 Explanatory footnote: a methodology on how the 15% interconnection target should be calculated will be proposed by the Commission, based on the advice to be provided by the electricity interconnection target expert group. 7204/1/17 REV 1 AT/st 29 DGE 2B EN (3) if applicable, national objectives related to other aspects of the internal energy market such as market integration and coupling, including a timeframe for when the objectives should be met; (4) if applicable, national objectives with regard to ensuring electricity system adequacy as well as flexibility of the energy system with regard to renewable energy production, including a timeframe for when the objectives should be met; (e) as regards the dimension 'Research, Innovation and Competitiveness': (1) national objectives and funding targets for public and, where available, [] private research and innovation relating to the Energy Union; if applicable, including a timeframe for when the objectives should be met. Such targets and objectives should be coherent with those set out in the Energy Union Strategy and the SET-***Plan***; (2) if applicable, [] national 2050 objectives for the deployment of low carbon technologies; (3) if applicable, national objectives with regard to competitiveness. In setting out the abovementioned main objectives, targets and contributions, Member States may build upon existing national strategies or ***plans*** that are compatible with Union legislation. 7204/1/17 REV 1 AT/st 30 DGE 2B EN Article 5 Member States' contribution setting process in the area of renewable energy 1. When setting their contribution for their share of energy from renewable sources in gross final consumption of energy in 2030 and the last year of the period covered for the subsequent national ***plans***, pursuant to Article 4(a)(2)(i), Member States shall take into account the following: (a) the measures provided for in [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (b) the measures adopted to reach the energy efficiency target adopted pursuant to Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761]; (c) where relevant, other measures to promote renewable energy within Member States and at Union level; and (d) any relevant circumstances affecting renewable energy deployment, such as inter alia: (i) equitable distribution of deployment across the European Union; (ii) economic potential; (iii) geographical and natural constraints, including those of non-interconnected areas and regions; and (iv) the level of power interconnection between Member States. A Member State shall indicate in its integrated national energy and climate ***plan*** which relevant circumstances affecting renewable energy deployment it has taken into account. 2. Member States shall collectively ensure that the sum of their contributions adds up to at least 27% of energy ***produced*** from renewable sources in gross final energy consumption at Union level by 2030. 7204/1/17 REV 1 AT/st 31 DGE 2B EN Article 6 Member States' contribution setting process in the area of energy efficiency 1. When setting their indicative national energy efficiency contribution for 2030 and the last year of the period covered for the subsequent national ***plans*** pursuant to Article 4(b)(1), Member States shall ensure that [] the Union’s 2020 energy consumption is no more than 1 483 Mtoe of primary energy and/or no more than 1 086 Mtoe of final energy, the Union’s 2030 energy consumption is no more than 1 321 Mtoe of primary energy and/or no more than 987 Mtoe of final energy for the first ten-year period [] ('the Union’s [binding] headline target for 2030 referred to in Articles 1 and 3 of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761]') []; In addition, Member States shall take into account: (a) the measures provided for in Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761]; (b) other measures to promote energy efficiency within Member States and at Union level. 2. When setting their contribution referred to in paragraph 1 Member States may take into account circumstances affecting primary and final energy consumption, such as, inter alia: (a) remaining cost-effective energy-saving potential; (b) evolution and forecast of gross domestic product; (c) changes of energy imports and exports; (d) development of all sources of low carbon [renewable] energy [ies], [nuclear energy,] carbon capture and storage; and (e) early actions. 7204/1/17 REV 1 AT/st 32 DGE 2B EN Article 7 National policies and measures for each of the five dimensions of the Energy Union Member States shall describe, in accordance with Annex I, in their integrated national energy and climate ***plan***, the main existing (implemented and adopted) and ***planned*** policies and measures to achieve in particular the objectives set out in the national ***plan***, including, where applicable, measures foreseen for [to ensure] regional cooperation and appropriate financing at national and regional level. Article 8 Analytical basis of the integrated national energy and climate ***plans*** 1. Member States shall describe, in accordance with the structure and format specified in Annex I, the current situation for each of the five dimensions of the Energy Union including of the energy system and greenhouse gas emissions and removals at the time of submission of the national ***plan*** or on the basis of the latest available information. Member States shall also set out and describe projections for each of the five dimensions of the Energy Union, for the [] duration of the ***plan***, [and for a period of ten years following the last year covered by the ***plan***,] expected to result from existing (implemented and adopted) policies and measures. Member States shall endeavour to describe additional longer term perspectives for the five dimensions beyond the duration of the ***plan***, where relevant and possible. 2. Member States shall describe in their integrated national energy and climate ***plan*** their assessment, at national and where applicable regional level, of: 7204/1/17 REV 1 AT/st 33 DGE 2B EN (a) the impacts on the development of the energy system and greenhouse gas emissions and removals for the [] duration of the ***plan*** and for a period of ten years following the last year covered by the ***plan***, under the ***planned*** policies and measures including a comparison with the projections based on existing (implemented and adopted) policies and measures referred to in paragraph 1; (b) the macroeconomic, environmental, skills and social impact of the ***planned*** policies and measures referred to in Article 7 and further specified in Annex I, for the first ten-year period at least until the year 2030 including a comparison with the projections based on existing (implemented and adopted) policies and measures referred to in paragraph 1; (c) interactions between existing (implemented and adopted) and ***planned*** policies and measures within a policy dimension and between existing (implemented and adopted) and ***planned*** policies and measures of different dimensions for the first ten-year period at least until the year 2030. Projections concerning security of supply, infrastructure and market integration shall be linked to robust energy efficiency scenarios. Article 9 Draft integrated national energy and climate ***plans*** 1. By [31 December] 2018]35 and every ten years thereafter Member States shall prepare and submit to the Commission a draft of the integrated national energy and climate ***plan*** referred to in Article 3(1). 35 Explanatory note: the sequencing of the draft and final national ***plans*** and the timelines for their submission have been aligned with the Paris Agreement in order to allow for an informed participation of the EU and its Member States in its review mechanism. Hence, the Commission proposal requires the draft ***plans*** by January 2018 in view of the Facilitative Dialogue of November 2018. This will allow the EU and its Member States to be prepared and explain how the EU and its Member States are taking steps to implement the EU 2030 commitment under the Paris Agreement. 7204/1/17 REV 1 AT/st 34 DGE 2B EN 2. The Commission may issue recommendations, 36 based on the submitted draft ***plans***, to Member States in accordance with Article 28. [ ] Those recommendations [] may address: (a) the level of ambition of objectives, targets and contributions in view of collectively achieving the Energy Union objectives and notably the Union's 2030 targets for renewable energy and energy efficiency; (b) policies and measures relating to Member States' and Union level objectives and other policies and measures of potential cross-border relevance; (c) interactions between and consistency of existing (implemented and adopted) and ***planned*** policies and measures included in the integrated national energy and climate ***plan*** within one dimension and among different dimensions of the Energy Union. 3. Member States shall take [] due account of any recommendations from the Commission when finalising their integrated national energy and climate ***plan***. Article 10 Public consultation Without prejudice to any other Union law requirements, Member States shall ensure that the public is given early and effective opportunities to participate in the preparation of draft ***plans*** referred to in Article 9 and attach to the submission of their draft and/or final integrated national energy and climate ***plan*** to the Commission a summary of the public’s views. In so far as the provisions of Directive 2001/42/EC are applicable 37, consultations undertaken in accordance with that Directive shall be deemed to satisfy also the obligations to consult the public under this Regulation. 36 Note: cf. Art. 288 TFEU '(...) Recommendations and opinions shall have no binding force.' 37 Explanatory note: Art. 6 (1) of Directive 2001/42/EC on the assessment of the effects of certain ***plans*** and ***programmes*** on the environment requires consultations to be carried out on the draft ***plans*** or ***programmes***. 7204/1/17 REV 1 AT/st 35 DGE 2B EN Article 11 Regional cooperation 1. Member States shall cooperate with each other at regional level to effectively meet the targets, objectives and contributions set out in their integrated national energy and climate ***plan***. 2. Member States shall, well before submitting their draft integrated national energy and climate ***plan*** to the Commission pursuant to Article 9(1), identify opportunities for regional cooperation and consult neighbouring Member States and the other Member States expressing an interest. Member States shall set out in their draft integrated national energy and climate ***plans*** at least the provisional results of such regional consultation, including where applicable how comments have been taken into account. 3. The Commission shall facilitate cooperation and consultation among the Member States on the draft ***plans*** submitted to it under Article 9 in view of their finalisation. 4. Member States shall consider [] the comments received from other Member States pursuant to paragraphs 2 and 3 when preparing [] their final integrated national energy and climate ***plan***, and explain in those ***plans*** how such comments have been considered [ ]. 5. For the purposes specified in paragraph 1, Member States shall continue to cooperate at regional level when implementing the policies and measures of their ***plans***. Article 12 Assessment of the integrated national energy and climate ***plans*** [ ] On the basis of the integrated national energy and climate ***plans*** and their updates as notified pursuant to Articles 3 and 13, the Commission [ ] shall assess, in particular, whether: 7204/1/17 REV 1 AT/st 36 DGE 2B EN (a) the targets, objectives and contributions are sufficient for the collective achievement of the Energy Union objectives and for the first ten-years period in particular the targets of the Union's 2030 Climate and Energy Framework; (b) the ***plans*** comply with requirements of Articles 3 to 11 and Member States have taken [] due account of the Commission recommendations issued pursuant to Article 28. Article 13 Update of the integrated national energy and climate ***plan*** 38 1. By [ ] 31 July 202339, and every 10 years thereafter, Member States shall submit to the Commission a draft update of the latest notified integrated national energy and climate ***plan*** referred to in Article 3 or confirm to the Commission that the ***plan*** remains valid. 2. By [ ] 31 July 2024, and every 10 years thereafter, Member States shall notify to the Commission an update of the latest notified integrated national energy and climate ***plan*** referred to in Article 3, unless they have confirmed that the ***plan*** remains valid pursuant to paragraph 1 of this Article. 38 Explanatory note: it is underlined that this Article contains no obligation for MS to submit an update, in case the NECP remains valid ('or confirm to the Commission that the ***plan*** remains valid', cf. para 1 and 2). Furthermore, the Article contains no provision preventing MS from making policy changes/adaptations as required, or updating their NECP's at other moments in time. 39 Explanatory note: the sequencing of the draft and final updated national ***plans*** and the timelines for their submission have been aligned with the Paris Agreement in order to allow for an informed participation of the EU and its Member States in its review mechanism. Hence, the Commission proposal requires the draft updated ***plans*** by January 2023 in view of the Global Stocktake of November 2023. This will allow the EU and its Member States to participate in this process fully prepared and to show leadership by explaining how the EU and its Member States are implementing the EU 2030 commitment under the Paris Agreement. 7204/1/17 REV 1 AT/st 37 DGE 2B EN 3.40 In the update referred to in paragraph 2, Member States shall only modify their national [] target[], objective[] or contribution[] for each [ ] quantified EU target, objective or contribution set out in Article 4(a) and (b), [ ] to reflect an increased ambition as compared to the one[] set in the latest notified integrated national energy and climate ***plan***. 4. Member States shall make efforts to mitigate in the updated ***plan*** any adverse environmental impacts that become apparent as part of the integrated reporting pursuant to Articles 15 to 22. 5. Member States shall take into consideration the latest country-specific recommendations issued in the context of the European Semester when preparing the update referred to in paragraph 2. 6. The procedures laid down in Article 9(2) and Article 11 shall apply to the preparation and assessment of the updated integrated national energy and climate ***plans***. 40 Explanatory note: the changes aim to make it clear that (without prejudice to sectoral obligations under EU law) MS have the flexibility to make adjustments on their subtargets etc. at national level, provided that their national overall target/objective/contribution on the 'EU headline targets' as listed in Art. 4(a) and (b) is not decreased. For example, a MS could decrease its national subtargets for renewable energy in transport or solar energy, provided it offsets this decrease by at least 100%, for example by increasing its national subtargets for renewable energy in Heating and Cooling and wind energy. 7204/1/17 REV 1 AT/st 38 DGE 2B EN CHAPTER 3 LONG-TERM LOW EMISSION STRATEGIES Article 14 41 Long-term low emission strategies 1. Member States shall prepare and report to the Commission by 1 January 2020 and every 10 years thereafter their long-term low emission strategies with a [] perspective of at least 30 years, to contribute to: (a) fulfilling the Union’s and the Member States’ commitments under the UNFCCC and the Paris Agreement to reduce anthropogenic greenhouse gas emissions and enhance removals by sinks; (b) fulfilling the objective of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels; (c) achieving long-term greenhouse gas emission reductions and enhancements of removals by sinks in all sectors in line with the Union’s objective, in the context of necessary reductions according to the IPCC by developed countries as a group, to reduce emissions by 80 to 95 % by 2050 compared to 1990 levels in a cost-effective manner. 2. The long-term low emission strategies shall cover: (a) total greenhouse gas emissions reductions and enhancements of removals by sinks; (b) emissions reductions and enhancement of removals in individual sectors including among others electricity, industry, transport, the buildings sector (residential and tertiary), ***agriculture***, waste and land use, land-use change and forestry (LULUCF); 41 Explanatory note: corresponds to Article 4 MMR 7204/1/17 REV 1 AT/st 39 DGE 2B EN (c) expected progress on transition to a low greenhouse gas emission economy including greenhouse gas intensity, CO2 intensity of gross domestic product and strategies for related research, development and innovation; (d) links to other national long-term ***planning***. 3. The long-term low emission strategies referred to in this Article and the integrated national energy and climate ***plans*** referred to in Article 3 [ ] shall be consistent with each other. 4. The Member States shall make available to the public forthwith their respective long-term low emission strategies and any updates thereof. CHAPTER 4 REPORTING SECTION 1 BIENNIAL PROGRESS REPORTS AND THEIR FOLLOW UP Article 15 Integrated National Energy and Climate Progress Reports 1. Without prejudice to Article 23, by 15 March [] 202342, and every two years thereafter, each Member State shall report to the Commission on the status of implementation of the integrated national energy and climate ***plan*** by means of integrated national energy and climate progress reports covering all five key dimensions of the Energy Union. 2. The report referred to in paragraph 1 shall cover the following elements: 42 Note: this change of date will require further consequential changes in order to guarantee the continued reporting on energy efficiency (Art. 47 & 52 Governance) and renewables (in RED2 recast) [and climate]. 7204/1/17 REV 1 AT/st 40 DGE 2B EN (a) information on the progress accomplished towards reaching the targets, objectives and contributions set out in the integrated national energy and climate ***plan***, and towards implementing the policies and measures necessary to meet them; (b) the information referred to in Articles 18 to 22 and, where appropriate, updates on policies and measures, in accordance with those articles; (c) policies and measures and projections of anthropogenic greenhouse gas emissions by sources and removals by sinks in accordance with Article 16; (d) information on national climate change adaptation ***planning*** and strategies in accordance with Article 17(1); [ ] (f) [ ] as far as possible quantification of the impact of the policies and measures in the Integrated National Energy and Climate ***plan*** on air quality and on emissions [] of air pollutants [ ]. [(g) the annual reports referred to in Article 17(2) and Article 23.] The Union and the Member States shall submit biennial reports in accordance with Decision 2/CP.17 of the Conference of the Parties to the UNFCCC, and national communications in accordance with Article 12 of the UNFCCC to the UNFCCC Secretariat. 3. The Commission shall adopt implementing acts to set out the structure, format, technical details and process for the information referred to in paragraphs 1 and 2. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). 4. The frequency and scale of the information and updates referred to in paragraph 2(b) shall be balanced against the need to ensure sufficient certainty for investors. 7204/1/17 REV 1 AT/st 41 DGE 2B EN 5. Where the Commission has issued recommendations pursuant to Article 27(2) or (3), the Member State concerned shall include in its report referred to in paragraph 1 of this Article information on the policies and measures adopted, or intended to be adopted and implemented, to address those recommendations. Such information shall include a detailed timetable for implementation. Article 16 Integrated reporting on GHG policies and measures and on projections 43 1. By 15 March 2021, and every two years thereafter, Member States shall report to the Commission information on: (a) their national policies and measures or group of measures as set out in Annex IV, and (b) their national projections of anthropogenic greenhouse gas emissions by sources and removals by sinks, organised by gas or group of gases (Hydrofluorocarbons and Perfluorocarbons) listed in Part 2 of Annex III. National projections shall take into consideration any policies and measures adopted at Union level and shall include the information set out in Annex V. 2. Member States shall report the most up-to-date projections available. Where a Member State does not submit complete projection estimates by 15 March every second year, and the Commission has established that gaps in the estimates cannot be filled by that Member State once identified through the Commission’s quality assurance or quality control procedures, the Commission may prepare estimates as required to compile Union projections, in consultation with the Member State concerned. 3. A Member State shall communicate to the Commission any substantial changes to the information reported pursuant to paragraph 1 during the first year of the reporting period, by 15 March of the year following the previous report. 43 Explanatory note: corresponds to Article 13 and 14 MMR. 7204/1/17 REV 1 AT/st 42 DGE 2B EN 4. Member States shall make available to the public, in electronic form, their national projections pursuant to paragraph 1 and any relevant assessment of the costs and effects of national policies and measures on the implementation of Union policies relevant for limiting GHG emissions along with any relevant underpinning technical reports. Those projections and assessments should include descriptions of the models and methodological approaches used, definitions and underlying assumptions. Article 17 Integrated reporting on national adaptation actions, financial and technology support provided to developing countries, auctioning revenue 44 1. By 15 March 2021, and every two years thereafter 45, Member States shall report to the Commission information on their national climate change adaptation ***planning*** and strategies, outlining their implemented [ ] and ***planned*** actions to facilitate adaptation to climate change, including the information specified in Part 1 of Annex VI. 2. By [ ] 31 July 2021 and every year thereafter (year X), Member States shall report to the Commission information on: (a) support to developing countries, including the information specified in Part 2 of Annex VI; (b) the use of revenues generated by the Member State by auctioning allowances pursuant to Article 10(1) and Article 3d(1) or (2) of Directive 2003/87/EC including the information specified in Part 3 of Annex VI. 3. Member States shall make available to the public the reports submitted to the Commission pursuant to this Article. 44 Explanatory note: corresponds to Articles 15, 16 and 17(b) and (c) of the MMR. 45 Explanatory note: 'every 2 years' follows from Paris Agreement cf.paragraph 90 Decision 1/CP.21 7204/1/17 REV 1 AT/st 43 DGE 2B EN 4. The Commission shall adopt implementing acts to set out the structure, format and submission processes for Member States’ reporting of information pursuant to this Article. Those implementing acts shall be adopted in accordance with the procedure referred to in Article 37(3). Article 18 Integrated reporting on renewable energy 46 Member States shall include in the integrated national energy and climate progress reports the information: (a) on the implementation of the following trajectories and objectives: (1) national trajectory for the overall share of renewable energy in gross final energy consumption from 2021 to 2030; (2) estimated [ ] trajectories for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the electricity, heating and cooling and transport sector; (3) assessed contributions [ ] by renewable energy technology to use to achieve the overall and sectorial trajectories for renewable energy from 2021 to 2030 including total expected gross final energy consumption per technology and sector in Mtoe and total ***planned*** installed capacity per technology and sector in MW; (4) if available, data [ ] on bioenergy demand, disaggregated between heat, electricity and transport, including the share of biofuels, share of advanced biofuels, share of biofuel ***produced*** from main crops ***produced*** on ***agricultural*** land, and data on biomass supply, by feedstock and origin (distinguishing between domestic production and imports). For forest biomass, an assessment of its source and impact on the LULUCF sink should be provided upon its availability; 46 Note: For Articles 18-22, (progress reports) consequential changes that follow from the discussions on Article 4 and Annex I will be made. 7204/1/17 REV 1 AT/st 44 DGE 2B EN (5) if applicable, other national trajectories and objectives including long-term and sectorial ones (such as [ ] 47 share of electricity ***produced*** from biomass without the utilisation of heat, share of renewable energy in district heating, renewable energy use in buildings, renewable energy ***produced*** by cities, energy communities and self-consumers); (b) on the implementation of the following policies and measures: (1) implemented, adopted and ***planned*** policies and measures to achieve the national contribution to the binding Union-level 2030 target for renewable energy as indicated in Article 4(a)(2)(i), including sector- and technology-specific measures, with a specific review of the implementation of measures laid down in Articles 23, 24 and 25 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (2) specific measures for regional cooperation; (3) without prejudice to Articles 107 and 108 TFEU, specific measures on financial support, including Union support and the use of Union funds, for the promotion of the use of energy from renewable sources in electricity, heating and cooling, and transport; (4) specific measures to fulfil the requirements of Articles 15, 16, 17, 18, 21 and 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (5) measures promoting the use of energy from biomass, especially for new biomass mobilisation taking into account biomass availability (both the domestic potential and the imports from third countries) and other biomass uses (***agriculture*** and forest-based sectors), as well as measures for the sustainability of biomass ***produced*** and used; (c) as set out in Part 1 of Annex VII. 47 Note: deleted text (subject to mandatory reporting so far) was moved to Art. 18(4), since Art. 18(5) covers voluntary reporting ('if applicable'). 7204/1/17 REV 1 AT/st 45 DGE 2B EN Article 19 Integrated reporting on energy efficiency Member States shall include in the integrated national energy and climate progress reports the information: (a) on the implementation of the following national trajectories, objectives and targets: (1) the trajectory for primary and/or final annual energy consumption from 2020 to 2030 as the national energy savings contribution to achieving the Union-level 2030 target including underlying methodology; (2) objectives [] of the long-term strategy for the renovation of the national stock of [] residential and [] non-residential buildings, both public and private; (3) if applicable, an update of other national objectives set out in the national ***plan***; (b) on the implementation of the following policies and measures: (1) implemented, adopted and ***planned*** policies, measures and ***programmes*** to achieve the indicative national energy efficiency contribution for 2030 as well as other objectives presented in Article 6, including ***planned*** measures and instruments (also of a financial nature) to promote the energy performance of buildings, measures to utilise energy efficiency potentials of gas and electricity infrastructure and other measures to promote energy efficiency; (2) if applicable, market-based instruments that incentivise energy efficiency improvements, including but not limited to energy taxes, levies and allowances; (3) national energy efficiency obligation scheme and alternative measures pursuant to Article 7a and 7b of Directive 2012/27/EU, [version as amended in accordance with proposal COM(2016) 761] and in accordance with Annex II to this Regulation; 7204/1/17 REV 1 AT/st 46 DGE 2B EN (4) long-term strategy for the renovation of the national stock of [] residential and [] non-residential buildings, both public and private, including policies and measures to stimulate cost-effective deep [] renovations of buildings, including staged deep renovations; (5) policy and measures to promote energy services in the public sector and measures to remove regulatory and non-regulatory barriers that impede the uptake of energy performance contracting and other energy efficiency service models; (6) regional cooperation in the area of energy efficiency, if applicable; (7) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in the area of energy efficiency at national level, if applicable; (c) as set out in Part 2 of Annex VII. Article 20 Integrated reporting on energy security Member States shall include in the integrated national energy and climate progress reports the information on the implementation of: (a) national objectives for the diversification of energy sources and supply countries, storage, demand response; (b) national objectives with regard to reducing energy import dependency from third countries; (c) national objectives for the development of the ability to cope with constrained or interrupted supply of an energy source, including gas and electricity; (d) national objectives for the deployment of domestic energy sources []; 7204/1/17 REV 1 AT/st 47 DGE 2B EN (e) implemented, adopted and ***planned*** policies and measures to achieve the objectives referred to in points (a) to (d); (f) regional cooperation in implementing the objectives and policies referred to in points (a) to (d); (g) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in this area at national level, if applicable; Article 21 Integrated reporting on the internal energy market 1. Member States shall include in the integrated national energy and climate progress reports information on the implementation of the following objectives and measures: (a) the level of electricity interconnectivity that the Member State aims for in 2030 in relation to the 15% target on electricity interconnection; (b) key national objectives for electricity and gas transmission infrastructure that are necessary for the achievement of objectives and targets under any of the five key dimensions of the Energy Union; (c) if applicable, main infrastructure projects envisaged other than Projects of Common Interest; (d) national objectives related to other aspects of the internal energy market such as market integration and coupling, if applicable; (e) if applicable, national objectives with regards to energy poverty, including the number of households in energy poverty; (f) national objectives with regard to ensuring electricity system adequacy, if applicable; (g) implemented, adopted and ***planned*** policies and measures to achieve the objectives referred to in points (a) to (f); 7204/1/17 REV 1 AT/st 48 DGE 2B EN (h) regional cooperation in implementing the objectives and policies referred to in points (a) to (g); (i) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in the area of the internal energy market at national level, if applicable; (j) measures to increase the flexibility of the energy system with regard to renewable energy production, including the roll-out of intraday market coupling and cross-border balancing markets. 2. The information provided by Member States under paragraph 1 shall be coherent with and as appropriate be based on the report by the national regulators referred to in Article 59(1)(h) of the [recast of Directive 2009/72/EC as proposed by COM(2016) 864] and Article 41(1)(e) of Directive 2009/73/EC. Article 22 Integrated reporting on research, innovation and competitiveness Member States shall include in the integrated national energy and climate progress reports [] the information on the implementation of the following objectives and measures: (a) national objectives and policies translating to a national context the SET ***Plan*** objectives and policies; (b) national objectives for total [] public and, where available, private [] spending in research and innovation relating to clean energy technologies as well as for technology cost and performance development; (c) if appropriate, national objectives including long term targets for 2050 for the deployment of technologies for decarbonising energy- and carbon-intensive industrial sectors and, if applicable, for related carbon transport, use, and storage infrastructure; (d) national objectives to phase out energy subsidies, especially those with an adverse effect on climate policy; 7204/1/17 REV 1 AT/st 49 DGE 2B EN (e) implemented, adopted and ***planned*** policies and measures to achieve the objectives referred to in points (b) and (c); (f) cooperation with other Member States in implementing the objectives and policies referred to in points (b) to (d), including coordination of policies and measures through the SET ***Plan***, such as alignment of research ***programmes*** and common ***programmes***; (g) financing measures, including Union support and the use of Union funds, in this area at national level, if applicable. SECTION 2 ANNUAL REPORTING Article 23 Annual Reporting 48 1. By 31 [ ] July 2021, and every year thereafter (year X), Member States shall report to the Commission: (a) their approximated greenhouse gas inventories for the year X-1; (b) the information referred to in Article 6(2) of Directive 2009/119/EC; (c) the information referred to in Annex IX, point 3, to Directive 2013/30/EU, in accordance with Article 25 of that directive. For the purposes of point (a), the Commission shall, on the basis of the Member States’ approximated greenhouse gas inventories or, if a Member State has not communicated its approximated inventories by that date, on the basis of its own estimates, annually compile a Union approximated greenhouse gas inventory. The Commission shall make that information available to the public by 30 September every year. 48 Explanatory note: corresponds to Articles 7 and 8 MMR. 7204/1/17 REV 1 AT/st 50 DGE 2B EN 2. As of 2023, Member States shall determine and report to the Commission final greenhouse gas inventory data by 15 March each reporting year (X) and preliminary data by 15 January each year including the greenhouse gases and the inventory information listed in Annex III. The report on the final greenhouse gas inventory data shall also include a complete and up-to-date national inventory report. Within three months of receiving the reports, the Commission shall make the information referred to in Annex III, part 1, point (n) available to the Committee referred to in Article 37. 3. Member States shall submit to the UNFCCC Secretariat national inventories containing the information submitted to the Commission on the final greenhouse gas inventory data in accordance with paragraph 2 of this Article by 15 April each year. The Commission shall, in cooperation with the Member States, annually compile a Union greenhouse gas inventory and prepare a Union greenhouse gas inventory report and shall submit them to the UNFCCC Secretariat by 15 April each year. 4. Member States shall report to the Commission the preliminary and the final national inventory data, by 15 January and 15 March respectively in the years 2027 and 2032, prepared for their LULUCF accounts for the purpose of the compliance reports in accordance with Article 12 of Regulation [ ] [LULUCF]. 4bis. By 31 July 2022, Member States shall report to the Commission on the achievement of the 2020 energy efficiency national targets by providing the information set out in Part 2 of Annex VII of this Regulation, and of the 2020 renewable energy national targets by providing the following information: (a) the sectoral (electricity, heating and cooling, and transport) and overall shares of energy from renewable sources in 2020; (b) the measures taken to achieve the 2020 national renewable energy targets, including measures related to support schemes, guarantees of origin and simplification of administrative procedures; 7204/1/17 REV 1 AT/st 51 DGE 2B EN (c) the share of energy from biofuels and bioliquids ***produced*** from cereal and other starch-rich crops, sugars and oil crops in energy consumption in transport; (d) the share of energy from biofuels ***produced*** from feedstocks and of other fuels listed in part A of Annex IX of Directive 2009/28/EC in energy consumption in transport. 5. The Commission is empowered to adopt delegated acts in accordance with Article 36 to: (a) amend Part 2 of Annex III by adding or deleting substances in the list of greenhouse gases; (b) supplement this Regulation by adopting values for global warming potentials and specifying the inventory guidelines applicable in accordance with relevant decisions adopted by the bodies of the UNFCCC or Paris Agreement. 6. The Commission shall adopt implementing acts to set out the structure, technical details, format and processes for the Member States’ submission of approximated greenhouse gas inventories pursuant to paragraph 1, greenhouse gas inventories pursuant to paragraph 2 and accounted greenhouse gas emissions and removals in accordance with Articles 5 and 12 of Regulation [ ] [LULUCF]. When proposing such implementing acts the Commission shall take into account the UNFCCC or Paris Agreement timetables for the monitoring and reporting of that information and the relevant decisions adopted by the bodies of the UNFCCC or Paris Agreement in order to ensure compliance by the Union with its reporting obligations as a Party to the UNFCCC and the Paris Agreement. Those implementing acts shall also specify the timescales for cooperation and coordination between the Commission and the Member States in preparing the Union greenhouse gas inventory report. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). 7204/1/17 REV 1 AT/st 52 DGE 2B EN SECTION 3 REPORTING PLATFORM Article 24 E-reporting platform 1. The Commission shall establish an online reporting platform to facilitate communication between the Commission and Member States and promote cooperation among Member States. 2. Member States shall use the online platform for the purposes of submitting to the Commission the reports referred to in this Chapter once the platform becomes operational. 7204/1/17 REV 1 AT/st 53 DGE 2B EN CHAPTER 5 AGGREGATE ASSESSMENT, MONITORING OF PROGRESS AND POLICY RESPONSE TO ENSURE UNION TARGETS ACHIEVEMENT [ ]–– COMMISSION MONITORING Article 25 Assessment of progress 1. By 31 October 2021 and every second year thereafter, the Commission shall assess, in particular on the basis of the integrated national energy and climate progress reports, of other information reported under this Regulation, of the indicators and of European statistics where available: (a) the progress made at Union level towards meeting the objectives of the Energy Union, including for the first ten-year period the Union's 2030 targets for energy and climate, notably in view of avoiding any gaps to the Union's 2030 targets for renewable energy and energy efficiency; (b) the progress made by each Member State towards meeting its targets, objectives and contributions and implementing the policies and measures set out in its integrated national energy and climate ***plan***; (c) the overall impact of aviation on the global climate including through non-CO2 emissions or effects, based on the emission data provided by Member States pursuant to Article 23, and improve that assessment by reference to scientific advancements and air traffic data, as appropriate. 7204/1/17 REV 1 AT/st 54 DGE 2B EN 2. In the area of renewable energy, as part of its assessment referred to in paragraph 1, the Commission shall assess the progress made in the share of energy from renewable sources in the Union’s gross final consumption on the basis of a [linear] trajectory that starts from 20% in 2020, reaches in 2025 at least [X]% of the total increase in the share of energy from renewable sources between the Union's 2020 renewable energy target and the Union's 2030 renewable energy target, and reaches the Union's 2030 renewable energy target of at least 27% in 2030 [as referred to in Article 4(a)(2)(i)]. 3. In the area of energy efficiency, as part of its assessment referred to in paragraph 1, the Commission shall assess progress towards collectively achieving a maximum energy consumption at Union level of 1 321 Mtoe of primary energy consumption and 987 Mtoe of final energy consumption in 2030 as referred to in Article 6(1)(a). In carrying out its assessment, the Commission shall take the following steps: (a) consider whether the Union's milestone of no more than 1483 Mtoe of primary energy and no more than 1086 Mtoe of final energy in 2020 is achieved; (b) assess whether Member States' progress indicates that the Union as a whole is on track towards the level of energy consumption in 2030 as referred to in the first subparagraph, taking into account the assessment of information provided by Member States in their integrated national energy and climate progress reports; (c) use results from modelling exercises in relation to future trends in energy consumption at Union level and national level and use other complementary analysis. 4. By 31 October 2021 and every year thereafter, the Commission shall assess, in particular on the basis of the information reported pursuant to this Regulation, whether the Union and its Member States have made sufficient progress towards meeting the following points: 49 49 Explanatory note: corresponds to Article 21 MMR. 7204/1/17 REV 1 AT/st 55 DGE 2B EN (a) commitments under Article 4 of the UNFCCC and Article 3 of the Paris Agreement as set out in decisions adopted by the Conference of the Parties to the UNFCCC, or by the Conference of the Parties to the UNFCCC serving as the meeting of the Parties to the Paris Agreement; (b) obligations set out in Article 4 of Regulation [ ] [ESR] and Article 4 of Regulation [ ] [LULUCF]; (c) the objectives set in the integrated national energy and climate ***plan*** in view of achieving the Energy Union objectives and for the first ten-year period in view of fulfilling the 2030 targets for energy and climate. 5. By 31 October 2019 and every four years thereafter, the Commission shall assess the implementation of Directive 2009/31/EC. 6. In its assessment the Commission should take into consideration the latest country-specific recommendations issued in the context of the European Semester. 7. The Commission shall report on its assessment according to this Article as part of the State of the Energy Union report referred to in Article 29. Article 26 Follow-up in case of inconsistencies with overarching Energy Union objectives [and targets under the Effort Sharing Regulation] [ ] Based on the assessment pursuant to Article 25, the Commission shall issue recommendations to a Member State pursuant to Article 28 if policy developments in that Member State show inconsistencies with the overarching objectives of the Energy Union. [2. The Commission may issue opinions on the action ***plans*** submitted by Member States according to Article 8(1) of Regulation [ ] [ESR].] 7204/1/17 REV 1 AT/st 56 DGE 2B EN Article 27 Response to insufficient ambition of integrated national energy and climate ***plans*** and insufficient progress towards the Union's energy and climate targets and objectives 1. If, on the basis of its assessment of the integrated national energy and climate ***plans*** and their updates pursuant to Article 12, the Commission concludes that the targets, objectives and contributions of the national ***plans*** or their updates are insufficient for the collective achievement of the Energy Union objectives and, in particular, for the first ten-years period, for the Union's 2030 targets for renewable energy and energy efficiency, it shall take measures at Union level in order to ensure the collective achievement of those objectives and targets. With regard to renewable energy, such measures shall take into consideration the level of ambition of contributions to the Union's 2030 target by Member States set out in the national ***plans*** and their updates. 2. If, on the basis of its assessment pursuant to Article 25(1)(b), the Commission concludes that insufficient progress is made by a Member State towards meeting the targets, objectives and contributions or implementing the policies and measures set out in its integrated national climate and energy ***plan***, it shall issue recommendations to the Member State concerned pursuant to Article 28. In issuing such recommendations, the Commission shall take into consideration ambitious early efforts by Member States to contribute to the Union's 2030 target for renewable energy. 3. If, on the basis of its aggregate assessment of Member States' integrated national energy and climate progress reports pursuant to Article 25(1)(a), and supported by other information sources, as appropriate, the Commission concludes that the Union is at risk of not meeting the objectives of the Energy Union and, in particular, for the first ten-years period, the targets of the Union's 2030 Framework for Climate and Energy, it may issue recommendations to all Member States pursuant to Article 28 to mitigate such risk. The Commission shall, as appropriate, take measures at Union level in addition to the recommendations in order to ensure, in particular, the achievement of the Union's 2030 targets for renewable energy and energy efficiency. With regard to renewable energy, such measures shall take into consideration ambitious early efforts by Member States to contribute to the Union's 2030 target. 7204/1/17 REV 1 AT/st 57 DGE 2B EN 4. If, in the area of renewable energy, without prejudice to the measures at Union level set out in paragraph 3, the Commission concludes, based on its assessment pursuant to Article 25(1) and (2) in the year 2023, that the linear Union trajectory referred to in Article 25(2) is not collectively met, Member States shall ensure by the year 2024 that any emerging gap is covered by additional measures, such as: (a) adjusting the share of renewable energy in the heating and cooling sector set out in Article 23(1) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (b) adjusting the share of renewable energy in the transport sector set out in Article 25(1) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (c) making a voluntary financial contribution to a financing platform set up at Union level, contributing to renewable energy projects and managed directly or indirectly by the Commission; (d) other measures to increase deployment of renewable energy. Such measures shall take into account the level of ambition of early efforts [] towards the Union's 2030 target for renewable energy by the Member State concerned. [If a Member State does not maintain the baseline share of energy from renewable sources in its gross final consumption of energy set out in Article 3(3) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767] from 2021 onwards, the Member State concerned shall ensure that any gap to the baseline share is covered by making a financial contribution to the financing platform referred to in point (c) of the first subparagraph.] For the purposes of [this subparagraph and] point (c) of the first subparagraph, Member States may use their revenues from annual emission allowances under Directive 2003/87/EC. The Commission is empowered to adopt delegated50 acts in accordance with Article 36 to set out any necessary provisions for the establishment and functioning of the financing platform referred to in point (c). 50 Note: many delegations hold reservations on the use of delegated acts. The Presidency invites delegations to indicate whether this subparagraph can stay (and the financial platform provisions should be elaborated), should be deleted, or 'delegated' should be replaced with 'implementing'. 7204/1/17 REV 1 AT/st 58 DGE 2B EN 5. If, in the area of energy efficiency, without prejudice to other measures at Union level pursuant to paragraph 3, the Commission concludes, based on its assessment pursuant to Article 25(1) and (3), in the year 2023 that progress towards collectively achieving the Union’s energy efficiency target mentioned in the first subparagraph of Article 25(3) is insufficient, it shall take measures by the year 2024 in addition to those set out in Directive 2010/31/EU [version as amended in accordance with proposal COM(2016) 765] and Directive 2012/27/EU [version as amended in accordance with proposal COM(2016) 761] to ensure that the Union's [binding] 2030 energy efficiency targets are met. Such additional measures may in particular improve the energy efficiency of: (a) products, pursuant to Directive 2010/30/EU and Directive 2009/125/EC; (b) buildings, pursuant to Directive 2010/31/EU [version as amended in accordance with COM(2016) 765] and Directive 2012/27/EU [version as amended in accordance with COM(2016) 761]; (c) transport. Article 28 Commission recommendations to Member States 1. The Commission shall as appropriate issue recommendations to Member States to ensure the achievement of the objectives of the Energy Union. 2. Where reference in this Regulation is made to this Article the following principles shall apply: (a) the Member State concerned shall take [] due account of the recommendation in a spirit of solidarity between Member States and the Union and between Member States; (b) the Member State shall set out, in its integrated national energy and climate progress report made in the year following the year the recommendation was issued, how it has taken [] due account of the recommendation and how it has implemented or intends to implement it. It shall provide reasons justifications where it deviates from it; 7204/1/17 REV 1 AT/st 59 DGE 2B EN (c) the recommendations should be complementary to the latest country-specific recommendations issued in the context of the European Semester. Article 29 State of the Energy Union report 1. By 31 October every year, the Commission shall submit to the European Parliament and to the Council a State of the Energy Union report. 2. The State of the Energy Union report shall include, inter alia, the following elements: (a) the assessment carried out pursuant to Article 25; (b) where appropriate, recommendations pursuant to Article 28; (c) functioning of the carbon market referred to in Article 10(5) of Directive 2003/87/EC, including information on the application of Directive 2003/87/EC referred to in Article 21(2) of the same Directive; (d) biennially, a report on Union bioenergy sustainability, containing the information specified in Annex VIII; (e) biennially, a report on voluntary schemes in respect of which the Commission has adopted a decision according to Article 27(4) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], containing the information specified in Annex IX to this Regulation; (f) an overall progress report on the application of [recast of Directive 2009/72/EC as proposed by COM(2016) 864] pursuant to Article 69 of that Directive; (g) an overall progress report on the application of Directive 2009/73/EC pursuant to Article 52 of that Directive; 7204/1/17 REV 1 AT/st 60 DGE 2B EN (h) an overall progress report on energy efficiency obligation schemes as referred to in Articles 7a and 7b of Directive 2012/27/EU [version as amended in accordance with COM(2016) 761]; (i) an overall progress report on Member States' progress in creating a complete and operational energy market; (j) actual fuel quality in the different Member States and geographical coverage of fuels with a maximum sulphur content of 10 mg/kg, aiming to provide an overview of the fuels quality data in the different Member States as reported pursuant to Directive 98/70/EC; (k) other issues of relevance to the implementation of the Energy Union, including public and private support. 7204/1/17 REV 1 AT/st 61 DGE 2B EN CHAPTER 6 NATIONAL AND UNION SYSTEMS ON GREENHOUSE GAS EMISSIONS AND REMOVALS BY SINKS Article 30 National and Union inventory systems 51 1. By 1 January 2021, Member States shall establish, operate and seek to continuously improve national inventory systems to estimate anthropogenic emissions by sources and removals by sinks of greenhouse gases listed in Part 2 of Annex III to this Regulation and to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of their greenhouse gas inventories. 2. Member States shall ensure that their competent inventory authorities have access to the information specified in Annex X to this Regulation, make use of reporting systems established pursuant to Article 20 of Regulation (EU) No 517/2014 to improve the estimate of fluorinated gases in the national greenhouse gas inventories and are able to undertake the annual consistency checks referred to in points (i) and (j) of Part 1 of Annex III to this Regulation. 3. A Union inventory system to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of national inventories with regard to the Union greenhouse gas inventory is hereby established. The Commission shall manage, maintain and seek to continuously improve that system which shall include the setting of a quality assurance and quality control ***programme***, setting quality objectives and drafting an inventory quality assurance and quality control ***plan***, procedures for completing emission estimates to compile the Union inventory pursuant to paragraph 5 of this Article and the reviews referred to in Article 31. 51 Explanatory note: corresponds to Articles 5, 6 and 9 MMR. 7204/1/17 REV 1 AT/st 62 DGE 2B EN 4. The Commission shall perform an initial check of the accuracy of the preliminary greenhouse gas inventory data to be submitted by Member States pursuant to Article 23(2). It shall send the results of that check to Member States within six weeks of the submission deadline. Member States shall respond to any relevant questions raised by the initial check by 15 March, together with the final inventory submission for the year X-2. 5. Where a Member State does not submit the inventory data required to compile the Union inventory by 15 March, the Commission may prepare estimates to complete the data submitted by the Member State, in consultation and close cooperation with the Member State concerned. The Commission shall use, for that purpose, the guidelines applicable for preparing the national greenhouse gas inventories. 6. The Commission shall [ ] adopt [ ] implementing acts [ ] in order to set out rules on the content, structure, format and submission process of the information relating to national inventory systems and requirements on the establishment, operation and functioning of national [ ] inventory systems. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). In the preparation of such acts, the Commission shall take into account any relevant decisions adopted by the bodies of the UNFCCC or of the Paris Agreement. 6bis. The Commission shall adopt delegated acts in accordance with Article 36 in order to supplement this Regulation by setting out rules concerning the requirements on the establishment, operation and functioning of the Union inventory system. In the preparation of such acts, the Commission shall take into account any relevant decisions adopted by the bodies of the UNFCCC or of the Paris Agreement. 7204/1/17 REV 1 AT/st 63 DGE 2B EN Article 31 Inventory review 52 1. In 2027 and 2032, the Commission shall carry out a comprehensive review of the national inventory data submitted by Member States pursuant to Article 23(3) of this Regulation with a view to monitoring Member States’ greenhouse gas emission reductions or limitations pursuant to Articles 4, 9 and 10 of Regulation [ ] [ESR] and their reduction of emissions and enhancement of removals by sinks pursuant to Articles 4 and 12 of Regulation [ ] [LULUCF] and any other greenhouse gas emission reduction or limitation targets set out in Union legislation. Member States shall participate fully in that process. 2. The comprehensive review referred to in paragraph 1 shall include: (a) checks to verify the transparency, accuracy, consistency, comparability and completeness of information submitted; (b) checks to identify cases where inventory data is prepared in a manner which is inconsistent with UNFCCC guidance documentation or Union rules; (c) checks to identify cases where LULUCF accounting is carried out in a manner which is inconsistent with UNFCCC guidance documentation or Union rules, and (d) where appropriate, calculating the resulting technical corrections necessary, in consultation with the Member States. 3. The Commission shall adopt implementing acts to determine the timing and the procedure for carrying out the comprehensive review including the tasks set out in paragraph 2 of this Article and ensuring due consultation of the Member States with regard to the conclusions of the reviews. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). 52 Explanatory note: corresponds to Article 19 MMR. 7204/1/17 REV 1 AT/st 64 DGE 2B EN 4. The Commission shall, by means of an implementing act, determine the total sum of emissions for the relevant years arising from the corrected inventory data for each Member State upon completion of the review split between emissions data relevant for Article 9 of Regulation [ ] [ESR] and emission data referred to in Annex III part 1 (c) to this Regulation and also determine the total sum of emissions and removals relevant for Article 4 of Regulation [ ] [LULUCF]. 5. The data for each Member State as recorded in the registries set up pursuant to Article 13 of Regulation [ ] [LULUCF] one month following the date of publication of an implementing act adopted pursuant to paragraph 4 of this Article, shall be used for the compliance check with Article 4 of Regulation [ ] [LULUCF] including changes to such data arising as a result of that Member State making use of the flexibilities pursuant to Article 11 of Regulation [ ] [ LULUCF].53 6. The data for each Member State as recorded in the registries set up pursuant to Article 11 of Regulation [ ] [ESR] one month following the compliance check date with Regulation [ ] [LULUCF] referred to in paragraph 5 of this Article, shall be used for the compliance check pursuant to Article 9 of Regulation [ ] [ESR] for the years 2021 and 2026. The compliance check pursuant to Article 9 of Regulation [ ] [ESR] for each of the years 2022 to 2025 and 2027 to 2030 shall be performed at a date falling one month following the date of the compliance check for the previous year. This check shall include changes to such data arising as a result of that Member State making use of the flexibilities pursuant to Articles 5, 6 and 7 of Regulation [ ] [ESR].54 53 In order to ensure coherence, the content of this Article will be aligned with the LULUCF Regulation following an agreement thereon. 54 In order to ensure coherence, the content of this Article will be aligned with the ESR Regulation following an agreement thereon. 7204/1/17 REV 1 AT/st 65 DGE 2B EN Article 32 National and Union systems for policies and measures and projections 55 1. By 1 January 2021, Member States and the Commission shall operate and seek to continuously improve national and Union systems respectively, for reporting on policies and measures and for reporting on projections of anthropogenic greenhouse gas emissions by sources and removals by sinks. Those systems shall include the relevant institutional, legal and procedural arrangements established within a Member State and the Union for evaluating policy and making projections of anthropogenic greenhouse gas emissions by sources and removals by sinks. 2. Member States and the Commission respectively shall aim to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of the information reported on policies and measures and projections of anthropogenic greenhouse gas emissions by sources and removals by sinks, as referred to in Article 16, including the use and application of data, methods and models, and the implementation of quality assurance and quality control activities and sensitivity analysis. 3. The Commission shall adopt implementing acts to set out the structure, format and submission process of information on national and Union systems for policies and measures and projections pursuant to paragraphs 1 and 2 of this Article and Article 16. When proposing such acts, the Commission shall take into account the relevant decisions adopted by the bodies of the UNFCCC or the Paris Agreement, including internationally agreed reporting requirements as well as timetables for monitoring and reporting of that information. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). 55 Explanatory note: corresponds to Article 12 MMR. 7204/1/17 REV 1 AT/st 66 DGE 2B EN Article 33 56 Establishment and operation of registries 1. The [ ] Member States and the Union shall set up and maintain registries to accurately account for nationally determined contributions pursuant to Article 4(13) of the Paris Agreement and for internationally transferred mitigation outcomes pursuant to Article 6 of that agreement. 2. The Union and the Member States may maintain their registries in a consolidated system, together with one or more other Member States. 3. The data in the registries referred to in paragraph 1 of this Article shall be made available to the central administrator designated pursuant to Article 20 of Directive 2003/87/EC. 4. The Commission [ ] shall adopt delegated acts in accordance with Article 36 in order to set up the registries referred to in paragraph 1 of this Article and in order to give effect, by means of the registries of the Union and of the Member States, to the necessary technical implementation of relevant decisions of the UNFCCC or Paris Agreement bodies, in accordance with paragraph 1 of this Article. 56 Explanatory note: corresponds to Article 10 MMR. 7204/1/17 REV 1 AT/st 67 DGE 2B EN CHAPTER 7 COOPERATION AND SUPPORT Article 34 Cooperation between the Member States and the Union 57 1. The Member States shall cooperate and coordinate fully with each other and with the Union in relation to obligations under this Regulation, in particular concerning: (a) the process for preparing, adopting, notifying and assessing the integrated national energy and climate ***plans*** pursuant to Articles 9 to 12; (b) the process for preparing, adopting, notifying and assessing the integrated national energy and climate progress report pursuant to Article 15 and annual reporting pursuant to Article 23; (c) the process related to the Commission recommendations and addressing those recommendations pursuant to Article 9(2) and (3), Article 15(5), Article 26(1) and Article 27(2) and (3); (d) compiling the Union greenhouse gas inventory and preparing the Union greenhouse gas inventory report, pursuant to Article 23(3); (e) preparing the Union national communication pursuant to Article 12 of the UNFCCC and the Union biennial report pursuant to Decision 2/CP.17 or subsequent relevant decisions adopted by the bodies of the UNFCCC; (f) review and compliance procedures under the UNFCCC and the Paris Agreement in accordance with any applicable decision under the UNFCCC as well as the Union’s procedure to review Member States greenhouse gas inventories referred to in Article 31; 57 Explanatory note: corresponds to Article 23 MMR. 7204/1/17 REV 1 AT/st 68 DGE 2B EN (g) any adjustments following the review process referred to in Article 31 or other changes to inventories and inventory reports submitted, or to be submitted, to the UNFCCC Secretariat; (h) compiling the Union approximated greenhouse gas inventory, pursuant to Article 23(1)(a) and the last subparagraph of Article 23(1). 2. The Commission may provide technical support to the Member States in relation to obligations under this Regulation upon request from a Member State. Article 35 Role of the European Environment Agency 58 The European Environment Agency shall assist the Commission in its work as regards the decarbonisation and energy efficiency dimensions to comply with Articles 14, 15, 16, 17, 18, 19, 23, 24, 25, 29, 30, 31, 32 and 34 in accordance with its annual work ***programme***. That shall include assistance, as required, with: (a) compiling the information reported by Member States on policies and measures and projections; (b) performing quality assurance and quality control procedures on the information reported by Member States on projections and policies and measures; (c) preparing estimates or complementing the ones available to the European Commission for data on projections not reported by the Member States; (d) compiling data, wherever available taken from European statistics and appropriate in terms of timing, as required for the State of the Energy Union report to the European Parliament and the Council prepared by the Commission; 58 Explanatory note: corresponds to Article 24 MMR. 7204/1/17 REV 1 AT/st 69 DGE 2B EN (e) disseminating information collected under this Regulation, including maintaining and updating a database on Member States’ mitigation policies and measures and the European Climate Adaptation Platform relating to impacts, vulnerabilities and adaptation to climate change; (f) performing quality assurance and quality control procedures in the preparation of the Union greenhouse gas inventory; (g) compiling the Union greenhouse gas inventory and preparing the Union greenhouse gas inventory report; (h) preparing estimates for data not reported in the national greenhouse gas inventories; (i) conducting the review referred to in Article 31; (j) compiling the Union approximated greenhouse gas inventory. 7204/1/17 REV 1 AT/st 70 DGE 2B EN CHAPTER 8 DELEGATION Article 36 Exercise of the delegation 1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article. 2. The power to adopt delegated acts referred to in Articles 3(4), 23(5), 27(4), 30(6) and 33(4) shall be conferred on the Commission for a period of five years from [the date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period. 3. The delegation of power referred to in Articles 3(4), 23(5), 27(4), 30(6) and 33(4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force. 4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. 5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council. 7204/1/17 REV 1 AT/st 71 DGE 2B EN 6. A delegated act adopted pursuant to Articles 3(4), 23(5), 27(4), 30(6) and 33(4) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council. 7204/1/17 REV 1 AT/st 72 DGE 2B EN CHAPTER 9 FINAL PROVISIONS Article 37 Energy Union and Climate Change Committees 59 1. The Commission shall be assisted by [ ] the Energy Union Committee and the Climate Change Committee. These committees shall be [ ] committees within the meaning of Regulation (EU) No 182/2011 [and work in the respective sectorial formations relevant for this Regulation]. 2. The Climate Change Committee replaces the committee established by Article 8 of Decision 93/389/EEC, Article 9 of Decision 280/2004/EC and Article 26 of Regulation (EU) No 525/2013. References to the committee set up pursuant to those legal acts shall be construed as references to the committee established by this Regulation. 3. Where reference is made to this article, Article 5 of Regulation (EU) No 182/2011 shall apply. Article 38 Review The Commission shall report to the European Parliament and to the Council by 28 February 2026 and every five years thereafter on the operation of this Regulation, its contribution to the Governance of the Energy Union and Climate Action, the progress towards the achievement of the 2030 climate and energy targets and additional Energy Union objectives, and the long-term objectives of the Paris Agreement. In addition the Commission shall report on [ ] the conformity of the ***planning***, reporting and monitoring provisions of this Regulation with other Union legislation or future decisions relating to the UNFCCC and the Paris Agreement. The Commission may make proposals if appropriate. 59 Explanatory note: the proposed Energy Union Committee and its Working Groups play an important role for the integrated governance. They will work in the respective sectorial formations relevant for this Regulation, meaning that e.g when climate issues are discussed the expectation is that Member States send their climate representatives and experts to these meetings, as will the Commission. Analogically, when issues are primarily of an energy dimension, the same is true for the expected participation and representation from Member States and the Commission. The current practice of issue-specific Working Groups discussing different topics is expected to continue under the umbrella of the Energy Union Committee. 7204/1/17 REV 1 AT/st 73 DGE 2B EN Article 39 Amendments to Directive 94/22/EC Directive 94/22/EC is amended as follows: (1) in Article 8, paragraph 2 is deleted; (2) Article 9 is deleted. Article 40 Amendments to Directive 98/70/EC Directive 98/70/EC is amended as follows: (1) in Article 8(4), the second sentence is deleted; (2) in the third subparagraph of Article 7a(1), point (a) is replaced by the following: 'the total volume of each type of fuel or energy supplied; and'; (3) in Article 7a(2), the first sentence is replaced by the following: 'Member States shall require suppliers to reduce as gradually as possible life cycle greenhouse gas emissions per unit of energy from fuel and energy supplied by up to 10 % by 31 December 2020, compared with the fuel baseline standard set out in Annex II to Council Directive (EU) 2015/652.'. Article 41 Amendment to Directive 2009/31/EC In Article 38 of Directive 2009/31/EC, paragraph 1 is deleted. Article 42 Amendments to Regulation (EC) No 663/2009 Regulation (EC) No 663/2009 is amended as follows: 7204/1/17 REV 1 AT/st 74 DGE 2B EN (1) in Article 27, paragraphs 1 and 3 are deleted; (2) Article 28 is deleted. Article 43 Amendment to Regulation (EC) No 715/2009 Article 29 of Regulation (EC) No 715/2009 is deleted. Article 44 Amendments to Directive 2009/73/EC Directive 2009/73/EC is amended as follows: (1) Article 5 is deleted; (2) Article 52 is replaced by the following: 'Article 52 Reporting The Commission shall monitor and review the application of this Directive and submit an overall progress report to the European Parliament and the Council as an annex to the State of the Energy Union Report referred to in Article 29 of Regulation [XX/20XX] [this regulation].'. 7204/1/17 REV 1 AT/st 75 DGE 2B EN Article 45 Amendment to Council Directive 2009/119/EC In Article 6 of Council Directive 2009/119/EC, paragraph 2 is replaced by the following: '2. By 15 March each year, each Member State shall send the Commission a summary copy of the stock register referred to in paragraph 1 showing at least the quantities and nature of the emergency stocks included in the register on the last day of the preceding calendar year.'. Article 46 Amendments to Directive 2010/31/EU Directive 2010/31/EU is amended as follows: (1) In Article 2a of Directive 2010/31/EU [version as amended in accordance with proposal COM(2016) 765], the following paragraph 4 is inserted: '4. The long-term strategy under paragraph 1 shall be submitted to the Commission, as part of the Integrated National Energy and Climate ***Plan***, pursuant to Article 3 of Regulation [XX/20XX] [ this regulation].'; (2) in Article 5(2), second subparagraph, the sentence 'The report may be included in the Energy Efficiency Action ***Plans*** referred to in Article 14(2) of Directive 2006/32/EC' is deleted; (3) in Article 9, paragraph 5 is replaced by the following: 'As part of its State of the Energy Union report referred to in Article 29 of Regulation [XX/20XX] [this regulation], the Commission shall report every two years to the European Parliament and to the Council on the progress of Member States in increasing the number of nearly zero-energy buildings. On the basis of this reported information the Commission shall develop an action ***plan*** and, if necessary, propose recommendations and measures pursuant to Articles 27 and 28 of Regulation [XX/20XX] [this regulation] to increase the number of those buildings and encourage best practices as regards the cost-effective transformation of existing buildings into nearly zero-energy buildings.'; 7204/1/17 REV 1 AT/st 76 DGE 2B EN (4) in Article 10, paragraphs 2 and 3 are deleted. Article 47 Amendments to Directive 2012/27/EU Directive 2012/27/EU is amended as follows: (1) in Article 4, the last paragraph is deleted; (2) in Article 18(1), point (e) is deleted; (3) in Article 24, paragraphs 1, 3, [ ] 4 and 11 are deleted; (3bis) in Article 24, paragraph 2 is deleted;60 (4) Annex XIV is deleted; Article 48 Amendment to Directive 2013/30/EU In Article 25 of Directive 2013/30/EU, paragraph 1 is replaced by the following: '1. Member States shall report annually to the Commission, as part of the annual reporting pursuant to Article 23 of Regulation [XX/20XX] [this regulation], the information specified in Annex IX, point 3.'. Article 49 Amendments to Council Directive (EU) 2015/652 Council Directive (EU) 2015/652 is amended as follows: (1) in Annex I, Part 2, points 2, 3, 4 and 7 are deleted. (2) Annex III is amended as follows: 60 Note: cf. Art. 52 7204/1/17 REV 1 AT/st 77 DGE 2B EN (a) point 1 is replaced by the following: '1. Member States are to report the data listed in point 3. These data must be reported for all fuel and energy placed on the market in each Member State. Where multiple biofuels are blended with fossil fuels, the data for each biofuel must be provided.' (b) in point 3, points (e) and (f) are deleted; (3) Annex IV is amended as follows: (a) the following templates for reporting information for consistency of the reported data are deleted: - Origin — Single Suppliers - Origin — Joint Suppliers - Place of Purchase (b) in the format notes, points 8 and 9 are deleted. Article 50 Repeal Regulation (EU) No 525/2013 shall be repealed with effect as from 1 January 2021, subject to transitional provisions laid down in Article 51. References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex XI. Article 51 Transitional provisions By way of derogation from Article 50 of this Regulation, Articles 7 and 17(1)(a) and (d) of Regulation (EU) No 525/2013 shall continue to apply to the reports containing the data required under those Articles for the years 2018, 2019 and 2020. 7204/1/17 REV 1 AT/st 78 DGE 2B EN Article 19 of Regulation (EU) No 525/2013 shall continue to apply to the reviews of the GHG inventory data for the years 2018, 2019 and 2020. Article 22 of Regulation (EU) No 525/2013 shall continue to apply to the submission of the report required under that Article. Article 52 Entry into force This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. Articles 33, 46(2) to (4) and 47(3) and (4) shall apply from 1 January 2021. 61 This Regulation shall be binding in its entirety and directly applicable in all Member States. Done at Brussels, For the European Parliament For the Council The President The President \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 61 Note: original text reinstated in view of adaptation of Art. 47. 7204/1/17 REV 1 AT/st 79 ANNEX I DGE 2B EN ANNEX I GENERAL FRAMEWORK FOR INTEGRATED NATIONAL ENERGY AND CLIMATE ***PLANS*** Part 1 General framework of the ***plan*** SECTION A: NATIONAL ***PLAN*** 1. OVERVIEW AND PROCESS FOR ESTABLISHING THE ***PLAN*** 1.1 Executive Summary i. Political, economic, environmental, and social context of the ***plan*** ii. Overarching strategy covering the five dimensions of the Energy Union iii. Overview table with key objectives, policies and measures of the ***plan*** 1.2 Overview of current policy situation i. National and EU energy system and policy context of the national ***plan*** ii. Current energy and climate policies and measures across the five dimensions of the Energy Union iii. Key issues of cross-border relevance iv. Administrative structure of implementing national energy and climate policies 1.3 Consultations and involvement of national and EU entities and their outcome i. Involvement of the Parliament ii. Involvement of local and regional authorities iii. Consultations with stakeholders, including social partners, and engagement of civil society iv. Consultations with other Member States v. Iterative process with the European Commission 1.4 Regional cooperation in preparing the ***plan*** i. Elements subject to joint or coordinated ***planning*** with other Member States ii. Explanation of how regional cooperation is considered in the ***plan*** 7204/1/17 REV 1 AT/st 80 ANNEX I DGE 2B EN 2. NATIONAL OBJECTIVES AND TARGETS 2.1 Dimension Decarbonisation 2.1.1 GHG emissions and removals (for the ***plan*** covering the period from 2021 to 2030, the 2030 Framework target of at least 40% domestic reduction in economy-wide greenhouse gas emissions as compared to 1990) 62 i. The Member State's binding national 2030 target for greenhouse gas emissions in the non-ETS-sectors, the annual binding national limits63 and the commitments under the LULUCF Regulation64 ii. If applicable, other national objectives and targets consistent with existing long-term low emission strategies. If applicable, other objectives and targets, including sector targets and adaptation goals 2.1.2 Renewable energy (2030 Framework target) i. The Member State's ***planned*** share of energy from renewable sources in gross final consumption of energy in 2030 as its national contribution to achieve the binding EU-level target of at least 27% in 2030 ii. A linear trajectory for the overall share of renewable energy in gross final energy consumption from 2021 to 2030 iii. Estimated trajectories [] for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the electricity, heating and cooling, and transport sectors iv. If applicable, assessed contributions [] by renewable energy technology that the Member State projects to use to achieve the overall and sectorial trajectories for renewable energy from 2021 to 2030 including expected total gross final energy consumption per technology and sector in Mtoe and total ***planned*** installed capacity (divided by new capacity and repowering) per technology and sector in MW v. If applicable, trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply, by feedstocks and origin (distinguishing between domestic production and imports). For forest biomass, an assessment of its source and impact on the LULUCF sink vi. If applicable, other national trajectories and objectives, including long-term or sectorial ones (e.g share of advanced biofuels, share of renewable energy in district heating, renewable energy use in buildings, renewable energy ***produced*** by cities, energy communities and self-consumers) 62 Consistency to be ensured with long-term low emission strategies pursuant to Article 14. 63 For the ***plan*** covering the period from 2021 to 2030: Member State's binding national 2030 target for greenhouse gas emissions in the non-ETS sectors and the annual binding limits as set under Regulation [ ] [ESR]. 64 Regulation [ ] [LULUCF]. 7204/1/17 REV 1 AT/st 81 ANNEX I DGE 2B EN 2.2 Dimension Energy efficiency (2030 Framework target) i. The indicative national energy efficiency contribution to achieving the Union's [binding/indicative] energy efficiency target of [30%] in 2030 as referred to in Article 1(1) and Article 3(4) of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761], based on either primary or final energy consumption, primary or final energy savings, or energy intensity; expressed in terms of absolute level of primary energy consumption and/or final energy consumption in 2020 and 2030, with a linear trajectory for that contribution from 2021 onwards; including the underlying methodology and the conversion factors used ii. Cumulative amount of energy savings to be achieved over the period 2021-2030 under Article 7 on energy saving obligations of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761], iii. Objectives of [] the long-term strategy for the renovation of the national stock of residential and [] non-residential buildings, [] both public and private [] iv. The total floor area to be renovated or equivalent annual energy savings to be achieved from 2021 to 2030 under Article 5 on the exemplary role of public bodies' buildings of Directive 2012/27/EU, v. If applicable, other national objectives, including long-term targets or strategies and sectorial targets. National objectives in areas such as energy efficiency in the transport sector and with regard to heating and cooling 2.3 Dimension Energy security i. National objectives with regard to increasing the diversification of energy sources and supply from third countries, storage and demand response ii. If applicable, national objectives with regard to reducing energy import dependency from third countries iii. National objectives with regard to readiness to cope with constrained or interrupted supply of an energy source (including gas and electricity) and, where appropriate, a timeframe for when the objectives shall be met65 iv. National objectives with regard to deployment of domestic energy sources (notably renewable energy) 65 Consistency shall be ensured with the preventive action and emergency ***plans*** under Regulation [as proposed by COM(2016) 52] concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010, as well as the risk preparedness ***plans*** under Regulation [as proposed by COM(2016) 862] on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC. 7204/1/17 REV 1 AT/st 82 ANNEX I DGE 2B EN 2.4 Dimension Internal energy market 2.4.1 Electricity interconnectivity (2030 Framework target) i. 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National objectives to protect energy consumers and improve the competitiveness of the retail energy sector 2.4.4 Energy poverty If applicable, national objectives with regard to energy poverty including a timeframe for when the objectives shall be met 2.5 Dimension Research, innovation and competitiveness i. If applicable, national objectives and funding targets for public and private research and innovation relating to the Energy Union including, if appropriate, a timeframe for when the objectives shall be met; reflecting the priorities of the Energy Union Strategy and the SET-***Plan*** ii. If appropriate, national objectives including long-term targets (2050) for the deployment of low-carbon technologies, including for decarbonising energy- and carbon-intensive industrial sectors and, if applicable, for related carbon transport and storage infrastructure iii. If applicable, national objectives with regard to competitiveness 66 In accordance with Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009 (OJ L 115, 25.4.2013, p. 39). 7204/1/17 REV 1 AT/st 83 ANNEX I DGE 2B EN 3. POLICIES AND MEASURES 3.1 Dimension Decarbonisation 3.1.1 GHG emissions and removals (for the ***plan*** covering the period from 2021 to 2030, the 2030 Framework target) i. Policies and measures to achieve the target set under Regulation [ ] [ESR] as referred to in 2.1.1 and policies and measures to comply with Regulation [ ] [LULUCF ], covering all key emitting sectors and sectors for the enhancement of removals, with an outlook to the long-term vision and goal to become a low-carbon economy with a 50 years perspective and achieving a balance between emissions and removals in accordance with the Paris Agreement ii. Regional cooperation in this area iii. If applicable, without prejudice to the applicability of State aid rules, financing measures, including EU support and the use of EU funds, in this area at national level 3.1.2 Renewable energy (2030 Framework target) i. Policies and measures to achieve the national contribution to the binding EU-level 2030 target for renewable energy and trajectories as presented in 2.1.2 including sector- and technology-specific measures67 ii. 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Specific measures on the promotion of the use of energy from biomass, especially for new biomass mobilisation taking into account: - biomass availability: both domestic potential and imports from third countries - other biomass uses by other sectors (***agriculture*** and forest-based sectors); as well as measures for the sustainability of biomass production and use 3.1.3 Other elements of the dimension i. If applicable, national policies and measures affecting the EU ETS sector and assessment of the complementarity and impacts on the EU ETS 67 When ***planning*** these measures, Member States shall take into account the end of life of existing installations and the potential for repowering. 7204/1/17 REV 1 AT/st 84 ANNEX I DGE 2B EN ii. Strategies, ***plans*** and measures on adaptation to climate change iii. Policies and measures to achieve other national targets, if applicable iv. Policies and measures to achieve low-emission mobility (including electrification of transport) 3.2 Dimension Energy efficiency (2030 Framework target) ***Planned*** policies, measures and ***programmes*** to achieve the indicative national energy efficiency target for 2030 as well as other objectives presented in 2.2, including ***planned*** measures and instruments (also of financial nature) to promote the energy performance of buildings, in particular as regards the following: i. Energy efficiency obligation schemes and alternative measures under Article 7a and 7b of Directive 2012/27/EU, [version as amended in accordance with proposal COM(2016)761] and [(to be prepared in accordance with Annex II)] ii. Long-term strategy for the renovation of the national stock of residential and [] non-residential buildings, []both public and private[] 68 including policies and measures to stimulate cost-effective deep [] renovations of buildings, including staged deep renovations iii. Description of policy and measures to promote energy services in the public sector and measures to remove regulatory and non-regulatory barriers that impede the uptake of energy performance contracting and other energy efficiency service models69 iv. Other ***planned*** policies, measures and ***programmes*** to achieve the indicative national energy efficiency target for 2030 as well as other objectives presented in 2.2 (for example measures to promote the exemplary role of public buildings and energy-efficient public procurement, measures to promote energy audits and energy management systems70, consumer information and training measures71, and other measures to promote energy efficiency72) v. Description of measures to utilise energy efficiency potentials of gas and electricity infrastructure73 vi. Regional cooperation in this area, if applicable vii. Financing measures, including EU support and the use of EU funds, in the area at national level 68 In accordance with Article 2a of Directive 2010/31/EU [version as amended in accordance with proposal COM(2016)765]. 69 In accordance with Article 18 of Directive 2012/27/EU. 70 In accordance with Article 8 of Directive 2012/27/EU. 71 In accordance with Articles 12 and 17 of Directive 2012/27/EU 72 In accordance with Article 19 of Directive 2012/27/EU. 73 In accordance with Article 15(2) of Directive 2012/27/EU. 7204/1/17 REV 1 AT/st 85 ANNEX I DGE 2B EN 3.3 Dimension Energy security74 i. Policies and measures to achieve the objectives set out in 2.375 ii. Regional cooperation in this area iii. If applicable, financing measures in this area at national level, including EU support and the use of EU funds, 3.4 Dimension Internal energy market76 3.4.1 Electricity infrastructure i. Policies and measures to achieve the targeted level of interconnectivity presented in 2.4.1 ii. 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Projections of development with existing policies and measures at least until 2040 (including for the year 2030) 81 See Part 2 for a detailed list of parameters and variables to be reported in Section B of the ***Plan***. 82 Current situation shall reflect the date of submission of the national ***plan*** (or latest available date). Existing policies and measures encompass implemented and adopted policies and measures. Adopted policies and measures are those for which an official government decision has been made by the date of submission of the national ***plan*** and there is a clear commitment to proceed with implementation. Implemented policies and measures are those for which one or more of the following applies at the date of submission of the national ***plan*** or progress report: directly applicable European legislation or national legislation is in force, one or more voluntary agreements have been established, financial resources have been allocated, human resources have been mobilised. 83 The selection of exogenous factors may be based on the assumptions made in the EU Reference Scenario 2016 or other subsequent policy scenarios for the same variables. Besides, Member States specific results of the EU Reference Scenario 2016 as well as results of subsequent policy scenarios may also be a useful source of information when developing national projections with existing policies and measures and impact assessments. 7204/1/17 REV 1 AT/st 88 ANNEX I DGE 2B EN 4.3 Dimension Energy efficiency i. 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Impacts on energy prices, utilities and energy market integration iii. Impacts on regional cooperation 90 ***Planned*** policies and measures are options under discussion and having a realistic chance of being adopted and implemented after the date of submission of the national ***plan***. The resulting projections under section 5.1.i shall therefore include not only implemented and adopted policies and measures (projections with existing policies and measures), but also ***planned*** policies and measures. 91 Directive [as proposed by COM/2013/0920] on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC. 7204/1/17 REV 1 AT/st 90 ANNEX I DGE 2B EN Part 2 List of parameters and variables to be reported in Section B of National Plans92 93 94 95 The following parameters, variables, energy balances and indicators are to be reported in Section B ' Analytical Basis' of the National ***Plans***: 1. General parameters and variables (1) Population [million] (2) GDP [euro million] (3) Sectorial gross value added (including main industrial, construction, services, and ***agriculture*** sectors) [euro million] (4) Number of households [thousands] (5) Household size [inhabitants/households] (6) Disposable income of households [euro] 92 For the ***plan*** covering the period from 2021 to 2030: for each parameter/variable in the list, trends over the years 2005-2040 (2005-2050 where appropriate) including for the year 2030 in five year intervals shall be reported both in section 4 and 5. Parameter based on exogenous assumptions vs. modelling output shall be indicated. 93 As far as possible, reported data and projections shall build on and be consistent with EUROSTAT data and methodology used for reporting European statistics in respective sectorial legislations, as European statistics are the primary source of statistical data used for reporting and monitoring, in accordance with Regulation (EC) No 223/2009 on European statistics. 94 Note: all projections are to be performed on the basis of constant prices (2016 prices used as base year) 95 The Commission will provide recommendations for key parameters for projections, at least covering oil, gas, and coal import prices as well as EU ETS carbon prices. 7204/1/17 REV 1 AT/st 91 ANNEX I DGE 2B EN (7) Number of passenger-kilometres: all modes, i.e split between road (cars and buses separated if possible), rail, aviation and domestic navigation (when relevant) [million pkm] (8) Freight transport tonnes-kilometres: all modes excluding international maritime, i.e split between road, rail, aviation, domestic navigation (inland waterways and national maritime) [million tkm] (9) International oil, gas and coal fuel import prices [euro/GJ or euro/toe] – aligned with Commission's recommendations (10) EU-ETS carbon price [euro/EUA] - aligned with Commission's recommendations (11) Exchange rates to euro and to US Dollar (if applicable) assumptions [euro/ currency and USD/currency] (12) Number of Heating Degree Days (HDD) (13) Number of Cooling Degree Days (CDD) (14) Technology cost assumptions used in modelling for main relevant technologies 2. Energy balances and indicators 2.1 Energy supply (1) Indigenous Production by fuel type (all energy products: coal, crude oil, natural gas, nuclear energy, renewable energy sources) [ktoe] (2) Net imports by fuel type (including electricity and split into intra- and extra EU net imports) [ktoe] (3) Import dependency from third countries [%] 7204/1/17 REV 1 AT/st 92 ANNEX I DGE 2B EN (4) Main import sources (countries) for main energy carriers (including gas and electricity) (5) Gross Inland Consumption by fuel type source (including solids, all energy products: coal, crude oil and petroleum products, natural gas, nuclear energy, electricity, derived heat, renewables, waste) [ktoe] 2.2 Electricity and heat (1) Gross electricity generation [GWh] (2) Gross electricity generation by fuel (all energy products) [GWh] (3) Share of combined heat and power generation in total electricity and heat generation [%] (4) Capacity electricity generation by source including retirements and new investments [MW] (5) Heat generation from thermal power generation (6) Heat generation from combined heat and power plants, including industrial waste heat (7) Cross-border interconnection capacities for gas and electricity [Definition for electricity in line with outcome of ongoing discussions on basis for 15% interconnection target] and their projected usage rates 2.3 Transformation sector (1) Fuel inputs to thermal power generation (including solids, oil, gas) [ktoe] (2) Fuel inputs to other conversion processes [ktoe] 2.4 Energy consumption (1) Primary and final energy consumption [ktoe] (2) Final energy consumption by sector (including industry, residential, tertiary, ***agriculture*** and transport (including split between passenger and freight transport, when available)) [ktoe] (3) Final energy consumption by fuel (all energy products) [ktoe] 7204/1/17 REV 1 AT/st 93 ANNEX I DGE 2B EN (4) Final non-energy consumption [ktoe] (5) Primary energy intensity of the overall economy (primary energy consumption per GDP [toe/euro] (6) Final energy intensity by sector (including industry, residential, tertiary and transport (including split between passenger and freight transport, when available)) 2.5 Prices (1) Electricity prices by type of using sector (residential, industry, tertiary) (2) National retail fuel prices (including taxes, per source and sector) [euro/ktoe] 2.6 Investments Energy-related investment costs compared to GDP (and compared to gross value added for the industry sector) 2.7 Renewables (1) Gross final consumption of energy from renewable sources and share of renewable energy in gross final energy consumption and by sector (electricity, heating and cooling, transport) and by technology (2) Electricity and heat generation from renewable energy in buildings (as defined in Article 2(1) of Directive 2010/31/EU); this shall include disaggregated data on energy ***produced***, consumed and injected into the grid by solar photovoltaic systems, solar thermal systems, biomass, heat pumps, geothermal systems, as well as all other decentralized renewables systems) (3) If applicable, other national trajectories, including long-term or sectorial ones (the share of food-based and advanced biofuels, the share of renewable energy in district heating, as well as the renewable energy ***produced*** by cities and energy communities as defined by Article 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]) 7204/1/17 REV 1 AT/st 94 ANNEX I DGE 2B EN 3. GHG emissions and removals related indicators (1) GHG emissions by policy sector (EU ETS, Effort Sharing Regulation and LULUCF) (2) GHG emissions by IPCC sector and by gas (where relevant split into EU ETS and Effort Sharing sectors) [tCO2eq] (3) Carbon intensity of the overall economy [tCO2eq/GDP] (4) CO2 emission related indicators (a) GHG intensity of power and heat generation [Carbon intensity of electricity and steam production] [tCO2eq/MWh] (b) GHG intensity of final energy consumption by sector [Carbon intensity of final energy demand by sector (including industry, residential, tertiary, passenger transport, freight transport)] [tCO2eq/toe] (5) Non-CO2 emission related parameters (a) Livestock: dairy cattle [1000 heads], non-dairy cattle [1000 heads], sheep [1000 heads], pig [1000 heads], poultry [1000 heads] (b) Nitrogen input from application of synthetic fertilizers [kt nitrogen] (c) Nitrogen input from application of manure [kt nitrogen] (d) Nitrogen fixed by N-fixing crops [kt nitrogen] (e) Nitrogen in crop residues returned to soils [kt nitrogen] (f) Area of cultivated organic soils [hectares] (g) Municipal solid waste (MSW) generation (h) Municipal solid waste (MSW) going to landfills (i) Share of CH4 recovery in total CH4 generation from landfills [%] 7204/1/17 REV 1 AT/st 95 ANNEX II DGE 2B EN ANNEX II NOTIFICATION OF MEMBER STATES' MEASURES AND METHODOLOGIES TO IMPLEMENT ARTICLE 7 OF DIRECTIVE 2012/27/EU [VERSION AS AMENDED IN ACCORDANCE WITH PROPOSAL COM(2016)761] Member States shall notify to the Commission their proposed detailed methodology pursuant to Annex V(5) to Directive 2012/27/EU for the operation of the energy efficiency obligation schemes and alternative measures referred to in Articles 7a and 7b and Article 20(6) of that Directive. 1. Calculation of the level of the energy savings requirement to be achieved over the whole period from 1 January 2021 to 31 December 2030, showing how the following elements are taken into account: (a) annual energy sales, by, volume to final customers of all energy distributors or all retail energy companies averaged over the three years (2016, 2017, 2018) prior 1 January 2019 [in ktoe]; (b) volume of sales of energy used in transport excluded from the calculation [in ktoe]; (c) quantity of energy generated for own use excluded from the calculation [in ktoe]; (d) sources used in the calculation of energy sales data including justification for the use of alternative statistical sources and any differences of the resulting quantities (if other sources than Eurostat are used); (e) cumulative amount of energy savings to be achieved over the whole period from 1 January 2021 to 31 December 2030 (before the exemptions under paragraph 2) [in ktoe]; (f) application of exemptions (b), (c), [ ] (d) [], (e) and (f) referred to Article 7(2) and (3) of Directive 2012/27/EU: (i) volume of sales of energy used in industrial activities [in ktoe] listed in Annex I to Directive 2003/87/EC excluded from the calculation in line with point (b), 7204/1/17 REV 1 AT/st 96 ANNEX II DGE 2B EN (ii) amount of energy savings [in ktoe] achieved in the energy transformation, distribution and transmission sectors in line with point (c), (iii) amount of energy savings [in ktoe] resulting from individual actions newly implemented since 31 December 2008 that continue to have an impact in 2020 and beyond and in line with point (d), [] (iv) amount of energy savings [in ktoe] from the individual actions undertaken after 1 January 2018 and before 31 December 2020 which deliver savings after 31 December 2020, inlcuding the lifetimes assumed for each category of measure in line with point (e), (v) amount of energy generated on or in buildings for own use as a result of policy measures promoting new installation of renewable energy technologies, in line with point (f) [in ktoe];] (g) total cumulative amount of energy savings (after the exemptions under paragraph 2 applied) [in ktoe]; (h) amount of savings that exceeds the required total cumulative amount of savings for the period from 1 January 2014 to 31 December 2020 [in ktoe] if this is to be carried forward to the period from 1 January 2021 to 31 December 2030, in line with Article 7(4a). 2. Policy measures in view of the achievement of the savings requirement referred to in Article 7(1) of Directive 2012/27/EU: 7204/1/17 REV 1 AT/st 97 ANNEX II DGE 2B EN 2.1 Energy efficiency obligation schemes referred to in Article 7a of Directive 2012/27/EU: (a) description of the energy efficiency obligation scheme; (b) expected cumulative and annual amount of savings and duration of the obligation period(s); (c) obligated parties and their responsibilities; (d) target sectors; (e) eligible actions foreseen under the measure; (f) information on the application of provisions under Article 7a (5) of Directive 2012/27/EU: (i) specific actions, share of savings to be achieved in households affected by energy poverty [and in social housing in line with point (a) of Article 7a (5)]; 7204/1/17 REV 1 AT/st 98 ANNEX II DGE 2B EN (ii) savings achieved by energy service providers or other third parties in line with point (b) of Article 7a (5); (iii) banking and borrowing in line with [ ] Article 7 [ ] 4b. (g) Information on trading of energy savings (if relevant). 2.2 Alternative measures referred to in Article 7b and Article 20(6) of Directive 2012/27/EU (except taxation): (a) type of policy measure; (b) brief description of the policy measure including the design features per each policy measure notified; (c) expected total cumulative and annual amount of savings per each measure and/ or amount of energy savings in relation to any intermediate periods; (d) implementing, participating, entrusted parties and their responsibilities for implementing the policy measure(s); (e) target sectors; (f) eligible actions foreseen under the measure; (g) specific policy measures or individual actions targeting energy poverty [in line with point (2) of Article 7b]. 2.3 Information on taxation measures: (a) brief description of taxation measure; (b) duration of taxation measure; (c) expected cumulative and annual amount of savings per measure; (d) target sectors; (e) additionality of energy savings by describing the approach to calculating savings, including price elasticities used in line with annex V(4). 7204/1/17 REV 1 AT/st 99 ANNEX II DGE 2B EN Calculation methodology for measures notified under Articles 7a, 7b and 20(6) of Directive 2012/27/EU(except for taxation measures): (a) measurement methods used referred to in Annex V(1) to Directive 2012/27/EU; (b) method to express the energy savings (primary or final energy savings); (c) lifetimes of individual actions and approach used to take into account the lifetime of savings; (d) brief description of the calculation methodology including how additionality and materiality of savings are ensured; (e) information on how the possible overlaps between the measures and individual actions are addressed to avoid double counting of energy savings; (f) climatic variations and approach used (if relevant). 3. Monitoring and verification (a) brief description of the monitoring and verification system and the process of the verification; (b) implementing public authority and its main responsibilities in charge of monitoring and verification system in relation to the energy efficiency obligation scheme and/ or alternative measures; (c) independence of monitoring and verification from the obligated parties and participating, entrusted parties; (d) statistically significant proportion of energy efficiency improvement measures and proportion and criteria used to define and select a representative sample; (e) reporting obligations for obligated parties (savings achieved by each obligated party, or each sub-category of obligated party, and in total under the scheme). 7204/1/17 REV 1 AT/st 100 ANNEX II DGE 2B EN (f) publication of energy savings achieved (each year) under the energy efficiency obligation scheme and alternative measures; (g) information on penalties applied in case of non-compliance; (h) Information on measures foreseen if progress is not satisfactory. 7204/1/17 REV 1 AT/st 101 ANNEX III DGE 2B EN ANNEX III GHG INVENTORIES INFORMATION Part 1 Information to be included in the reports referred to in Article 23(2): (a) their anthropogenic emissions of greenhouse gases listed in part 2 of this Annex and the anthropogenic emissions of greenhouse gases referred to in Article 2(1) of Regulation [ ] [ESR] for the year X-2; (b) data on their anthropogenic emissions of carbon monoxide (CO), sulphur dioxide (SO2), nitrogen oxides (NOx) and volatile organic compounds, consistent with data already reported pursuant to Article 8 [] of Directive 2016/2284/EU [ ] for the year X-2; (c) their anthropogenic greenhouse gas emissions by sources and removals of CO2 by sinks resulting from LULUCF, for the year X-2, in accordance with the methodologies specified in part 3 of this Annex. This data shall also be relevant for the compliance report under Article 12 of Regulation [ ] [LULUCF]; (d) any changes to the information referred to in points (a) to (c) for the years between the relevant base year or period and the year X-3, indicating the reasons for these changes; (e) information on indicators, as set out in part 4 of this Annex, for the year X-2; (f) summary information on concluded transfers pursuant to Article 5 of Regulation [ ] [ESR] and Article 11 of Regulation [ ] [LULUCF] for the year X-1; (g) information on the steps taken to improve inventory estimates, in particular in areas of the inventory that have been subject to adjustments or recommendations following expert reviews; 7204/1/17 REV 1 AT/st 102 ANNEX III DGE 2B EN (h) the actual or estimated allocation of the verified emissions reported by installation operators under Directive 2003/87/EC to the source categories of the national greenhouse gas inventory and the ratio of those verified emissions to the total reported greenhouse gas emissions in those source categories, for the year X-2; (i) the results of the checks performed on the consistency of the emissions reported in the greenhouse gas inventories, for the year X-2, with the verified emissions reported under Directive 2003/87/EC; (j) the results of the checks performed on the consistency of the data used to estimate emissions in preparation of the greenhouse gas inventories, for the year X-2, with: (i) the data used to prepare inventories of air pollutants under Directive 2016/2284/EU []; (ii) the data reported pursuant to Article 19(1) and Annex VII to Regulation (EU) No 517/2014; (iii) the energy data reported pursuant to Article 4 of, and Annex B to Regulation (EC) No 1099/2008; (k) a description of changes to their national inventory system, if any; (l) a description of changes to the national registry, if any; (m) information on their quality assurance and quality control ***plans***, a general uncertainty assessment, a general assessment of completeness and, any other elements of the national greenhouse gas inventory report needed to prepare the Union greenhouse gas inventory report; (n) information of the Member State's intentions to make use of the flexibilities in Article 5(4) and (5) of Regulation [ ] [ESR]. 7204/1/17 REV 1 AT/st 103 ANNEX III DGE 2B EN A Member State may request derogation from point c to apply a different methodology than specified in Part 3 of this Annex if the methodology improvement required could not be achieved in time for the improvement to be taken into account in the greenhouse gas inventories of the period from 2021 to 2030, or the cost of the methodology improvement would be disproportionately high compared to the benefits of applying such methodology to improve accounting for emissions and removals due to the low significance of the emissions and removals from the carbon pools concerned. Member States wishing to benefit from the derogation shall submit a reasoned request to the Commission by 31 December 2020, indicating the timeline by when the methodology improvement could be implemented and/or the alternative methodology proposed, and an assessment of the potential impacts on the accuracy of accounting. The Commission may request additional information to be submitted within a reasonable time period specified. Where the Commission considers that the request is justified, it shall grant the derogation. If the request is rejected, the Commission shall give reasons for its decision. Part 2 The greenhouse gases to be covered are: Carbon dioxide (CO2) Methane (CH4) Nitrous Oxide (N2O) Sulphur hexafluoride (SF6) Nitrogen trifluoride (NF3) Hydrofluorocarbons (HFCs): — HFC-23 CHF3 — HFC-32 CH2F2 — HFC-41 CH3F — HFC-125 CHF2CF3 — HFC-134 CHF2CHF2 — HFC-134a CH2FCF3 — HFC-143 CH2FCHF2 — HFC-143a CH3CF3 — HFC-152 CH2FCH2F 7204/1/17 REV 1 AT/st 104 ANNEX III DGE 2B EN — HFC-152a CH3CHF2 — HFC-161 CH3CH2F — HFC-227ea CF3CHFCF3 — HFC-236cb CF3CF2CH2F — HFC-236ea CF3CHFCHF2 — HFC-236fa CF3CH2CF3 — HFC-245fa CHF2CH2CF3 — HFC-245ca CH2FCF2CHF2 — HFC-365mfc CH3CF2CH2CF3 — HFC-43-10mee CF3CHFCHFCF2CF3 or (C5H2F10) Perfluorocarbons (PFCs): — PFC-14, Perfluoromethane, CF4 — PFC-116, Perfluoroethane, C2F6 — PFC-218, Perfluoropropane, C3F8 — PFC-318, Perfluorocyclobutane, c-C4F8 — Perfluorocyclopropane c-C3F6 — PFC-3-1-10, Perfluorobutane, C4F10 — PFC-4-1-12, Perfluoropentane, C5F12 — PFC-5-1-14, Perfluorohexane, C6F14 — PFC-9-1-18, C10F18 Part 3 - Methodologies for monitoring and reporting in LULUCF sector Spatially-explicit land-use conversion data for the identification and tracking of land-use categories and conversions between land-use categories. Tier 1 methodology using globally calibrated standard emission factors and parameter values in accordance with the 2006 IPCC guidelines for National Greenhouse Gas Inventories. 7204/1/17 REV 1 AT/st 105 ANNEX III DGE 2B EN For emissions and removals for a carbon pool that accounts for at least 25-30% of emissions or removals in a source or sink category which is prioritised within a Member State's national inventory system because its estimate has a significant influence on a country’s total inventory of greenhouse gases in terms of the absolute level of emissions and removals, the trend in emissions and removals, or the uncertainty in emissions and removals in the land-use categories, at least Tier 2 methodology using nationally determined emission factors and parameter values calibrated to national circumstances in accordance with the 2006 IPCC guidelines for National Greenhouse Gas Inventories. Member States are encouraged to apply Tier 3 methodology using non-parametric modelling calibrated to national circumstances, describing the physical interaction of the bio-physical system, in accordance with the 2006 IPCC guidelines for National Greenhouse Gas Inventories. Part 4 - Inventory indicators Indicator title Indicator TRANSFORMATION B0 Specific CO2 emissions of public and auto-***producer*** power plants, t/TJ CO2 emissions from public and auto-***producer*** thermal power stations, kt divided by all products — output by public and auto-***producer*** thermal power stations, PJ TRANSFORMATION E0 Specific CO2 emissions of auto-***producer*** plants t/TJ CO2 emissions from auto-***producers***, kt divided by All products output by auto-***producer*** thermal power stations, PJ INDUSTRY A1.1 Total CO2 intensity — iron and steel industry, t/million euro Total CO2 emissions from iron and steel, kt divided by gross value added – iron and steel industry INDUSTRY A1.2 Energy-related CO2 intensity — chemical industry, t/million euro Energy-related CO2 emissions chemical industries, kt divided by gross value added – chemical industry INDUSTRY A1.3 Energy-related CO2 intensity — glass, pottery and building materials industry, t/million euro Energy-related CO2 emissions glass, pottery and building materials, kt divided by gross value added – glass, pottery and buildings material industry INDUSTRY A1.4 Energy-related CO2 intensity — food, drink and tobacco industry, t/million euro Energy-related CO2 emissions from food, drink and tobacco industry, kt divided by gross value-added — food, drink and tobacco industry, million euro (EC95) INDUSTRY A1.5 Energy-related CO2 intensity — paper and printing industry, t/million euro Energy-related CO 2 emissions paper and printing, kt - Gross value-added — paper and printing industry, million euro (EC95) HOUSEHOLDS A0 Specific CO2 emissions of households for space heating, t/m2 CO2 emissions of households for space heating divided by surface area of permanently occupied dwellings, million m2 SERVICES B0 Specific CO2 emissions of commercial and institutional sector for space heating, kg/m2 CO 2 emissions from space heating in commercial and institutional, kt divided by Surface area of services buildings, million m2 TRANSPORT B0 Specific diesel related CO2 emissions of passenger cars, g/100 km TRANSPORT B0 Specific petrol related CO2 emissions of passenger cars, g/100 km 7204/1/17 REV 1 AT/st 106 ANNEX IV DGE 2B EN ANNEX IV POLICIES AND MEASURES INFORMATION IN THE AREA OF GREENHOUSE GAS EMISSIONS Information to be included in the reports referred to in Article 16: (a) a description of their national system for reporting on policies and measures, or groups of measures, and for reporting on projections of anthropogenic greenhouse gas emissions by sources and removals by sinks pursuant to Article 32(1) or information on any changes made to that system where such a description has already been provided; (b) updates relevant to their long-term low emission strategies referred to in Article 14 and progress in implementing those strategies; (c) information on national policies and measures, or groups of measures, and on implementation of Union policies and measures, or groups of measures, that limit or reduce greenhouse gas emissions by sources or enhance removals by sinks, presented on a sectoral basis and organised by gas or group of gases (HFCs and PFCs) listed in Part 2 of Annex III. That information shall refer to applicable and relevant national or Union policies and shall include: (i) the objective of the policy or measure and a short description of the policy or measure; (ii) the type of policy instrument; (iii) the status of implementation of the policy or measure or group of measures; (iv) indicators used to monitor and evaluate progress over time; (v) where available, quantitative estimates of the effects on emissions by sources and removals by sinks of greenhouse gases broken down into: 7204/1/17 REV 1 AT/st 107 ANNEX IV DGE 2B EN – the results of ex ante assessments of the effects of individual or groups of policies and measures on the mitigation of climate change. Estimates shall be provided for a sequence of four future years ending with 0 or 5 immediately following the reporting year, with a distinction between greenhouse gas emissions covered by Directive 2003/87/EC, Regulation [ ] [ESR] and Regulation [ ] [LULUCF]; – the results of ex post assessments of the effects of individual or groups of policies and measures on the mitigation of climate change where available, with a distinction between greenhouse gas emissions covered by Directive 2003/87/EC, Regulation [ ] [ESR ] and Regulation [ ] [LULUCF]; (vi) estimates of the projected costs and benefits of policies and measures, as well as estimates of the realised costs and benefits of policies and measures; (vii) all existing references to the assessments of the costs and effects of national policies and measures, to information in the implementation of Union policies and measures that limit or reduce greenhouse gas emissions by sources or enhance removals by sinks and to the underpinning technical reports; (viii) an assessment of the contribution of the policy or measure to the achievement of the long-term low emission strategy referred to in Article 14; (d) information on ***planned*** additional national policies and measures envisaged with a view to limiting greenhouse gas emissions beyond their commitments under Regulation [ ] [ESR] and Regulation [ ] [LULUCF]; (e) information regarding the links between the different policies and measures reported pursuant to point c and the way such policies and measures contribute to different projection scenarios. 7204/1/17 REV 1 AT/st 108 ANNEX V DGE 2B EN ANNEX V Information to be included in the reports referred to in Article 16: (a) projections without measures where available, projections with measures, and where available projections with additional measures; (b) total greenhouse gas projections and separate estimates for the projected greenhouse gas emissions for the emission sources covered by Directive 2003/87/EC and by Regulation [ ] [ESR] and the projected emissions by sources and removals by sinks under the Regulation [ ] [LULUCF]; (c) the impact of policies and measures identified pursuant to Article 16(1)(a). Where such policies and measures are not included, this shall be clearly stated and explained; (d) results of the sensitivity analysis performed for the projections and information on the models and parameters used; (e) all relevant references to the assessment and the technical reports that underpin the projections referred to in Article 16(4). 7204/1/17 REV 1 AT/st 109 ANNEX VI DGE 2B EN ANNEX VI Part 1 Reporting on Adaptation Information to be included in the reports referred to in Article 17(1): (a) the main goals, objectives and institutional framework for adaptation; (b) climate change projections including weather extremes, climate-change impacts, assessment of climate vulnerability and risks and key climate hazards; (c) adaptive capacity; (d) adaptation ***plans*** and strategies; (e) institutional settings including vertical and horizontal governance and coordination, monitoring and evaluation systems; (f) progress made in implementation, including good practices and governance changes. Part 2 Reporting on support to developing countries Information to be included in the reports referred to in Article 17(2)(a): (a) information on financial support committed and provided to developing countries for the year X-1, including: (i) quantitative information on public and mobilised financial resources by the Member State. The information on financial flows is to be based on the so-called ‘Rio markers’ for climate change mitigation-related support and climate change adaptation-related support and other tracking systems introduced by the OECD Development Assistance Committee; 7204/1/17 REV 1 AT/st 110 ANNEX VI DGE 2B EN (ii) qualitative methodological information explaining the method used to calculate the quantitative information, including an explanation of methodology for quantifying their data, and where relevant, also other information on the definitions and methodologies used to determine any figures, notably for information reported on mobilised financial flows; (iii) available information on activities by the Member State related to public-funded technology transfer projects and capacity-building projects for developing countries under the UNFCCC, including whether the technology transferred or capacity-building project was used for mitigating or adapting to the effects of climate change, recipient country, amount of support provided, and type of technology transferred or capacity-building project; (b) available information for the year X and subsequent years on the ***planned*** provision of support, including information on ***planned*** activities related to public-funded technology transfer projects or capacity building projects for developing countries under the UNFCCC and on technologies to be transferred and capacity-building projects, including whether the technology transferred or capacity-building project is intended for mitigating or adapting to the effects of climate change, recipient country, amount of support provided, and type of technology transferred or capacity-building project. Part 3 Reporting on auctioning revenues Information to be included in the reports referred to in Article 17(2)(b): (a) information on the use of revenues during the year X-1 generated by the Member State by auctioning allowances pursuant to Article 10(1) of Directive 2003/87/EC, including information on such revenue that has been used for one or more of the purposes specified in Article 10(3) of that Directive, or the equivalent in financial value of that revenue, and the actions taken pursuant to that Article; 7204/1/17 REV 1 AT/st 111 ANNEX VI DGE 2B EN (b) information on the use, as determined by the Member State, of all revenue generated by the Member State by auctioning aviation allowances pursuant to Article 3d(1) or (2) of Directive 2003/87/EC; that information shall be provided in accordance with Article 3d(4) of that Directive; Auctioning revenue not disbursed at the time a Member State submits a report to the Commission pursuant to Article 17(2)(b) shall be quantified and reported in reports for subsequent years. 7204/1/17 REV 1 AT/st 112 ANNEX VII DGE 2B EN ANNEX VII ADDITIONAL REPORTING OBLIGATIONS Part 1 96 Additional reporting obligations in the area of renewable energy The following additional information shall, unless otherwise stated, be included pursuant to Article 18(c): (a) the functioning of the system of guarantees of origin for electricity, gas and heating and cooling from renewable energy sources, the levels of issuance and cancellation of guarantees of origin and the resulting annual national renewable energy consumption, as well as the measures taken to ensure the reliability and protection against fraud of the system; (b) aggregated information from the national databases referred to in Article 25(4) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767] on biofuels, biogas ***produced*** from feedstock listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767], renewable transport fuels of non-biological origin, waste-based fossil fuels and electricity placed on the market by fuel suppliers, including information on the type of fuels, their energy content and, if applicable, their feedstock base and, if relevant, their greenhouse saving performance; where the national database do not contain actual values, Member States may use typical values or, where appropriate, default values given in part A and part B of Annex V and part A of Annex VI to [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (c) developments in the availability, origin and use of biomass resources for energy purposes; (d) [ changes in commodity prices and land use within the Member State associated with its increased use of biomass and other forms of energy from renewable sources; ] 96 Note: the Presidency underlines that further changes in this Part 1 of Annex VII are likely needed, bearing in mind the continuing need to align with the draft Renewables Directive and the draft EPBD, and the aims of ensuring an appropriate level of reporting burden and of ensuring a proper interlinkage with the Energy Statistics Regulation. 7204/1/17 REV 1 AT/st 113 ANNEX VII DGE 2B EN (e) the estimated excess production of energy from renewable sources which could be transferred to other Member States so that these comply with Article 3, paragraph 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767] and achieve the national contributions and trajectories referred to in Article 4(a)(2)(i); (f) the estimated demand for energy from renewable sources to be satisfied by means other than domestic production until 2030, [ including imported biomass feedstock ]; (g) the development and share of biofuels made from feedstocks listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767] including a resource assessment focusing on the sustainability aspects relating to the effect of the replacement of food and feed products for biofuel production, [ taking due account of the principles of the waste hierarchy established in Directive 2008/98/EC and the biomass cascading principle, taking into consideration the regional and local economic and technological circumstances, the maintenance of the necessary carbon stock in the soil and the quality of the soil and the ecosystems; ] (h) the estimated impact of the production or use of biofuels, bioliquids and biomass fuels on biodiversity, water resources, water availability and quality, soils and air quality within the Member State; (i) [ risks or ] observed cases of fraud in the chain of custody of biofuels, bioliquids and biomass fuels; (j) information on how the share of biodegradable waste in waste used for ***producing*** energy has been estimated, and what steps have been taken to improve and verify such estimates; (k) electricity and heat generation from renewable energy in buildings (as defined in Article 2(1) of Directive 2010/31/EU). This shall include disaggregated data on energy [ ***produced***, consumed and ] injected into the grid by solar photovoltaic systems, solar thermal systems, biomass, heatpumps, geothermal systems, as well as all other decentralized renewables systems; 7204/1/17 REV 1 AT/st 114 ANNEX VII DGE 2B EN (l) if applicable, the share of food-based and advanced biofuels, the share of renewable energy in district heating, as well as the renewable energy ***produced*** by cities and energy communities as defined by Article 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (m) [ Primary supply of solid biomass (in 1000 m3, except 1)b)iii) in tons) (1) Forest biomass used for energy production (domestic production, import and export) (a) Primary biomass from forest used directly for energy production i) Branches and tree tops (reporting is voluntary) ii) Stumps (reporting is voluntary) iii) Round wood (split into industrial roundwood and fuelwood) (b) Forest-based industry co-products used directly for energy i) Bark (reporting is voluntary) ii) Chips, sawdust and other wood particles iii) Black liquor and crude tall oil (c) Post-consumer wood used directly for energy production (d) Processed wood-based fuel, ***produced*** from feedstocks not accounted under points 1a), 1b) or 1c): i) Wood charcoal ii) Wood pellets and wood briquettes (2) ***Agricultural*** biomass used for energy production (domestic production, import and export) 7204/1/17 REV 1 AT/st 115 ANNEX VII DGE 2B EN (a) Energy crops for electricity or heat (including short rotation coppice) (b) ***Agricultural*** crop residues for electricity or heat (3) Organic waste biomass for energy production (domestic production, import and export) (a) Organic fraction of industrial waste (b) Organic fraction of municipal waste (c) Waste sludges (n) final energy consumption of solid biomass (amount of solid biomass used for energy production in the following sectors): (1) Energy sector (a) Electricity (b) Combined heat and power (c) Heat (2) Industry sector internal (consumed and autoproduced electricity, CHP and heat) (3) Direct final consumption residential (4) Other ] 7204/1/17 REV 1 AT/st 116 ANNEX VII DGE 2B EN Part 2 Additional reporting obligations in the area of energy efficiency In the area of energy efficiency, the following additional information shall be included pursuant to Article 19(c): (a) major legislative and non-legislative policies, measures, financing measures and ***programmes*** implemented in year X-2 and X-1 (with X as the year when the report is due) to achieve their objectives set under Article 4(b) which promote energy service markets, improve the energy performance of buildings, measures to utilise energy efficiency potentials of gas and electricity infrastructure and heating and cooling, improve information and qualification, other measures to promote energy efficiency; (b) energy savings achieved through Article 7 of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761] in years X-3 and X-2; (c) progress in each sector and reasons why energy consumption remained stable or was growing in year X-3 and X-2 in final energy consumption sectors; (d) total building floor area of the buildings with a total useful floor area over 250 m2 owned and occupied by the Member States’ central government that, on 1 January in year X-2 and X-1, which did not meet the energy performance requirements referred to in Article 5(1) of Directive 2012/27/EU; (e) total building floor area of heated and/or cooled buildings owned and occupied by the Member States’ central government that was renovated in year X-3 and X-2 referred to in Article 5(1) of the Directive 2012/27/EU or the amount of energy savings in eligible buildings owned and occupied by their central government as referred to in Article 5(6) of Directive 2012/27/EU; (f) number of energy audits carried out in in year X-3 and X-2. In addition, the total number of large companies in their territory to which Article 8(4) of Directive 2012/27/EU is applicable and the number of energy audits carried out in those enterprises in the year X-3 and X-2; 7204/1/17 REV 1 AT/st 117 ANNEX VII DGE 2B EN (g) applied national primary energy factor for electricity; (h) number and floor area of new and renovated nearly zero-energy buildings in year X-2 and X-1, as defined in Article 9 of the Directive 2010/31/EU; (i) the internet link to the website where the list or the interface of energy services providers referred to in point (c) of Article 18(1) of Directive 2012/27/EU can be accessible. 7204/1/17 REV 1 AT/st 118 ANNEX VIII DGE 2B EN ANNEX VIII UNION BIOENERGY SUSTAINABILITY REPORT The EU bioenergy sustainability report on energy from biomass to be adopted biennially by the Commission together with the State of the Energy Union report pursuant to Article 29(2)(d), shall contain as a minimum the following information: (a) the relative environmental benefits and costs of different biofuels, bioliquids and biomass fuels, the effects of the Union’s import policies thereon, the security of supply implications and the ways of achieving a balanced approach between domestic production and imports (b) the impact of the production and use of biomass on sustainability in the Union and in third countries, including impacts on biodiversity; (c) data and analysis of current and projected sustainable biomass availability and demand, including the impact of increased demand for biomass on biomass using sectors; (d) the technological development, availability and sustainability of biofuels made from feedstocks listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767], including an assessment of the effect of the replacement of food and feed products for biofuel production, taking due account of the principles of the waste hierarchy established in Directive 2008/98/EC and the biomass cascading principle, taking into consideration the regional and local economic and technological circumstances, the maintenance of the necessary carbon stock in the soil and the quality of soil and ecosystems; (e) information on, and analysis of, the available scientific research results regarding indirect land-use change in relation to all production pathways, accompanied by an assessment of whether the range of uncertainty identified in the analysis underlying the estimations of indirect land-use change emissions can be narrowed and the possible impact of Union policies, such as environment, climate and ***agricultural*** policies, can be factored in; and 7204/1/17 REV 1 AT/st 119 ANNEX VIII DGE 2B EN (f) in respect of both third countries and Member States that are a significant source of biofuels, bioliquids and biomass fuels consumed within the Union, on national measures taken to respect the sustainability criteria and greenhouse gas saving criteria set out in Article 26, paragraphs 2 to 7, of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], for soil, water and air protection. In reporting on greenhouse gas emission savings from the use of biomass, the Commission shall use the amounts reported by Member States in accordance to Annex VII, Part 1 (b), including the provisional mean values of the estimated indirect land-use change emissions and the associated range derived from the sensitivity analysis as set out in Annex VIII to [recast of Directive 2009/28/EC as proposed by COM(2016) 767]. The Commission shall make data on the provisional mean values of the estimated indirect land-use change emissions and the associated range derived from the sensitivity analysis publicly available. In addition, the Commission shall evaluate whether and how the estimate for direct emission savings would change if co-products were accounted for using the substitution approach. 7204/1/17 REV 1 AT/st 120 ANNEX IX DGE 2B EN ANNEX IX VOLUNTARY SCHEMES IN RESPECT OF WHICH THE COMMISSION HAS ADOPTED A DECISION ACCORDING TO ARTICLE 27(4) OF [RECAST OF DIRECTIVE 2009/28/EC AS PROPOSED BY COM(2016) 767] The report on voluntary schemes in respect of which the Commission has adopted a decision according to Article 27(4) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], to be adopted biennially by the Commission together with the State of the Energy Union report pursuant to Article 29(2)(e), shall contain the Commission's assessment of, as a minimum, the following: (a) the independence, modality and frequency of audits, both in relation to what is stated on those aspects in the scheme documentation, at the time the scheme concerned was approved by the Commission, and in relation to industry best practice; (b) the availability of, and experience and transparency in the application of, methods for identifying and dealing with non-compliance, with particular regard to dealing with situations or allegations of serious wrongdoing on the part of members of the scheme; (c) transparency, particularly in relation to the accessibility of the scheme, the availability of translations in the applicable languages of the countries and regions from which raw materials originate, the accessibility of a list of certified operators and relevant certificates, and the accessibility of auditor reports; (d) stakeholder involvement, particularly as regards the consultation of indigenous and local communities prior to decision making during the drafting and reviewing of the scheme as well as during audits and the response to their contributions; (e) the overall robustness of the scheme, particularly in light of rules on the accreditation, qualification and independence of auditors and relevant scheme bodies; (f) market updates of the scheme, the amount of feedstocks and biofuels certified, by country of origin and type, the number of participants; 7204/1/17 REV 1 AT/st 121 ANNEX IX DGE 2B EN (g) the ease and effectiveness of implementing a system that tracks the proofs of conformity with the sustainability criteria that the scheme gives to its member(s), such a system intended to serve as a means of preventing fraudulent activity with a view, in particular, to the detection, treatment and follow-up of suspected fraud and other irregularities and where appropriate, number of cases of fraud or irregularities detected; (h) options for entities to be authorised to recognise and monitor certification bodies; (i) criteria for the recognition or accreditation of certification bodies; (j) rules on how the monitoring of the certification bodies is to be conducted; (k) ways to facilitate or improve the promotion of best practice. 7204/1/17 REV 1 AT/st 122 ANNEX X DGE 2B EN ANNEX X NATIONAL INVENTORY SYSTEMS Information referred to in Article 30 includes the following: (a) data and methods reported for activities and installations under Directive 2003/87/EC for the purpose of preparing national greenhouse gas inventories in order to ensure consistency of the reported greenhouse gas emissions under the Union’s emissions trading scheme and in the national greenhouse gas inventories; (b) data collected through the reporting systems on fluorinated gases in the various sectors, set up pursuant to Article 20 of Regulation (EU) No 517/2014 for the purpose of preparing national greenhouse gas inventories; (c) emissions, underlying data and methodologies reported by facilities under Regulation (EC) No 166/2006 for the purpose of preparing national greenhouse gas inventories; (d) data reported under Regulation (EC) No 1099/2008; (e) data collected via the geographical tracking of land areas in the context of existing Union and Member State ***programmes*** and surveys including the LUCAS Land Use Cover Area frame Survey and the European Earth observation ***programme*** Copernicus. 7204/1/17 REV 1 AT/st 123 ANNEX DGE 2B EN ANNEX CORRELATION TABLE Regulation (EU) No 525/2013 This Regulation Article 1 Article 1(1) Article 2 — Article 3 — Article 4 Article 14 Article 5 Article 30(1); 30(2); 30(6); Annex X Article 6 Article 30(3); 30(6) Article 7 Article 23(2); 23(3); 23(5); 23(6); Annex III Article 8 Article 23(1)(a); last subparagraph of Article 23(1); 23(6) Article 9 Article 30(4); 30(5) Article 10 Article 33 Article 11 — Article 12 Article 32 Article 13 Article 16(1)(a); 16(3); 16(4); Annex IV Article 14 Article 16(1)(b); 16(2); 16(3); 16(4); Annex V Article 15 Article 17(1); Annex VI, Part 1 Article 16 Article 17(2)(a); Annex VI, Part 2 Article 17 Article 17(2)(b); 17(3); 17(4); Annex VI, Part 3 Article 18 Article 15(2)(e); the second subparagraph of Article 15(2) Article 19 — Article 20 — Article 21 Article 25(1)(c); 25(4); 25(7) Article 22 — Article 23 Article 34(1)(d); 34(1)(e); 34(1)(f); 34(1)(g); 34(1)(h) Article 24 Article 35 Article 25 — 7204/1/17 REV 1 AT/st 124 ANNEX DGE 2B EN Article 26 Article 37 Article 27 — Article 28 Article 50 Article 29 —

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[***Council of the European Union: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 ST 7204 2017 REV 1***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R0W-2YJ1-F0YC-N4RK-00000-00&context=1516831)

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**Body**

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7204/1/17 REV 1 AT/st 1 DGE 2B EN Council of the European Union Brussels, 20 September 2017 (OR. en) 7204/1/17 REV 1 ENER 109 CLIMA 61 CODEC 365 Interinstitutional File: 2016/0375 (COD) NOTE From: General Secretariat of the Council To: Delegations No. Cion doc.: 15090/17 ENER 412 CLIMA 167 IA 123 CODEC 1788 REV 1 Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 Delegations will find attached the text of the draft Regulation, amended in light of the discussions in the Energy Working Party on 6 and 25 July and the written comments received. Consequential changes reflecting the Council general approaches on the EPBD and EED proposals are also included (as reflected in docs. 10729/17 and 10536/17, respectively). Changes compared to the previous document are indicated in bold underlined; deletions are marked with [] or [strikethrough]. Changes compared to the Commission proposal remain indicated with bold text and []. 7204/1/17 REV 1 AT/st 2 DGE 2B EN 2016/0375 (COD) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union and Climate Action, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 (Text with EEA relevance) THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) and Article 194(2) thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, [Having regard to the opinion of the European Economic and Social Committee1,] [Having regard to the opinion of the Committee of the Regions2,] Acting in accordance with the ordinary legislative procedure, Whereas: 1 OJ C , , p. . 2 OJ C , , p. . 7204/1/17 REV 1 AT/st 3 DGE 2B EN (1) This Regulation sets out the necessary legislative foundation for a reliable and transparent Governance that ensures the achievement of the objectives and targets of the Energy Union through complementary, coherent and ambitious efforts by the Union and its Member States, while promoting the Union's Better Regulation principles.

(2) The European Energy Union should cover five key dimensions: energy security; the internal energy market; energy efficiency; decarbonisation; and research, innovation and competitiveness. (3) The goal of a resilient Energy Union with an ambitious climate policy at its core is to give Union consumers, both households and businesses, secure, sustainable, competitive and affordable energy, which requires a fundamental transformation of Europe's energy system. That objective can only be achieved through coordinated action, combining both legislative and non-legislative acts at Union and national level. (4) The Commission's proposal was developed in parallel to and is adopted together with a series of initiatives in sectorial energy policy, notably with regard to renewable energy, energy efficiency and market design. Those initiatives form a package under the overarching theme of energy efficiency first, the Union’s global leadership in renewables, and a fair deal for energy consumers. (5) The European Council agreed on 24 October 2014 on the 2030 Framework for Energy and Climate for the Union based on four key EU level targets: at least 40% cut in economy wide greenhouse gas ('GHG') emissions, an indicative target of at least 27% improvement in energy efficiency, to be reviewed by 2020 with a view to a level of 30%, at least 27% for the share of renewable energy consumed in the Union, and at least 15% for electricity interconnection. It specified that the target for renewable energy is binding at Union level and that it will be fulfilled through Member States’ contributions guided by the need to deliver collectively the Union target. 7204/1/17 REV 1 AT/st 4 DGE 2B EN (6) The binding target of at least a 40% domestic reduction in economy-wide greenhouse gas emissions by 2030 compared to 1990 was formally approved as the Intended Nationally Determined Contribution of the Union and its Member States to the Paris Agreement at the Environment Council meeting on 6 March 2015. The Paris Agreement was ratified by the Union on 5 October 20163 and entered into force on 4 November 2016. It replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020. Therefore the Union’s system for monitoring and reporting emissions and removals should be updated in the light of this. (7) The European Council also concluded on 24 October 20144 that a reliable and transparent governance system, without any unnecessary administrative burden, should be developed to help ensure that the Union meets its energy policy goals, with the necessary flexibility for Member States and fully respecting their freedom to determine their energy mix. It emphasized that such governance system should build on existing building blocks, such as national climate ***programmes***, national ***plans*** for renewable energy and energy efficiency as well as the need to streamline and bring together separate ***planning*** and reporting strands. It also agreed to step up the role and rights of consumers, transparency and predictability for investors, inter alia by systematic monitoring of key indicators for an affordable, safe, competitive, secure and sustainable energy system and to facilitate coordination of national energy policies and foster regional cooperation between Member States. (8) The Commission's Energy Union Strategy of 25 February 2015 states the need for an integrated Governance to make sure that energy-related actions at Union, regional, national and local level all contribute to the Energy Union's objectives, thereby broadening the scope of Governance – beyond the 2030 Framework for Climate and Energy – to all five key dimensions of the Energy Union. 3 Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (OJ L 282, 19.10.2016, p. 1). 4 Conclusions of the European Council 23 - 24 October 2014 (EUCO 169/14). 7204/1/17 REV 1 AT/st 5 DGE 2B EN (9) In its Communication on the State of the Energy Union of 18 November 20155 the Commission further specified that integrated national energy and climate ***plans***, addressing all five key dimensions of the Energy Union, are necessary tools for a more ***strategic*** energy and climate policy ***planning***. As part of the State of the Energy Union, the Commission Guidance to Member States on integrated national energy and climate ***plans*** provided the basis for Member States to start developing national ***plans*** for the period 2021 to 2030 and set out the main pillars of the governance process. The State of the Energy Union also specified that the Governance should be anchored in legislation. (10) The Conclusions of the Council of 26 November 20156 recognised that the Governance of the Energy Union will be an essential tool for the efficient and effective construction of the Energy Union and the achievement of its objectives. They underlined that the governance system should be based on the principles of integration of ***strategic*** ***planning*** and reporting on the implementation of climate and energy policies and coordination between actors responsible for energy and climate policy, at Union, regional and national level. They also underlined that the Governance should ensure that the agreed energy and climate targets for 2030 are met; and that the Governance would monitor the Union’s collective progress towards the achievement of the policy objectives across the five dimensions of the Energy Union. (11) The European Parliament's resolution 'Towards a European Energy Union' of 15 December 20157 called for the Governance framework for the Energy Union to be ambitious, reliable, transparent, democratic and fully inclusive of the European Parliament and to ensure that the 2030 climate and energy targets are achieved. 5 Communication State of the Energy Union 2015 of 18.11.2015, COM(2015)572 final. 6 Conclusions of the Council of 26 November 2015 (14459/15). 7 European Parliament resolution of 15 December 2015 on 'Towards a European Energy Union' (2015/2113(INI)). 7204/1/17 REV 1 AT/st 6 DGE 2B EN (12) Therefore, the main objective of the Energy Union Governance should be to enable the achievement of the objectives of the Energy Union and in particular the targets of the 2030 Framework for Climate and Energy. This Regulation is therefore linked to sectorial legislation implementing the 2030 targets for energy and climate. While Member States need flexibility to choose policies that are best-matched to their national energy mix and preferences, that flexibility should be compatible with further market integration, increased competition, the attainment of climate and energy objectives and the gradual shift towards a low-carbon economy. (13) The transition to a low-carbon economy requires changes in investment behaviour and incentives across the entire policy spectrum. Achieving greenhouse gas emission reductions requires a boost to efficiency and innovation in the European economy and in particular should also lead to improvements of air quality. (14) As greenhouse gases and air pollutants largely derive from common sources, policy designed to reduce GHGs can have co-benefits for air quality that could offset some or all of the near-term costs of GHG mitigation. As data reported under Directive 2001/81/EC of the European Parliament and the Council8 represent an important input for the compilation of the GHG inventory and the national ***plans***, the importance of compilation and reporting of consistent data between Directive 2001/81/EC and the GHG inventory should be recognised. 8 Directive 2001/81/EC of the European Parliament and the Council on National Emission Ceilings for certain pollutants (OJ L 309, 27.11.2001, p. 22). 7204/1/17 REV 1 AT/st 7 DGE 2B EN (15) The experience gained in implementing Regulation (EU) No 525/2013 of the European Parliament and the Council9 indicated the need for synergies and coherence with reporting under other legal instruments, in particular with Directive 2003/87/EC of the European Parliament and the Council10, Regulation (EC) No 166/2006 of the European Parliament and the Council11, Regulation (EC) No 1099/2008 of the European Parliament and the Council12 and Regulation (EC) No 517/2014 of the European Parliament and the Council13. The use of consistent data to report greenhouse gas emissions is essential to ensuring the quality of emissions reporting. (16) In line with the Commission's strong commitment to Better Regulation, the Energy Union Governance should result in a significant reduction of administrative burden for the Member States, the Commission and other Union Institutions and it should help to ensure coherence and adequacy of policies and measures at Union and national level with regard to the transformation of the energy system towards a low-carbon economy. 9 Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC (OJ L 165, 18.6.2013, p. 13). 10 Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community (OJ L 275, 25.10.2003, p. 32). 11 Regulation (EC) No 166/2006 of the European Parliament and of the Council of 18 January 2006 concerning the establishment of a European Pollutant Release and Transfer Register (OJ L 33, 4.2.2006, p. 1). 12 Regulation (EC) No 1099/2008 of the European Parliament and of the Council of 22 October 2008 on energy statistics (OJ L 304, 14.11.2008, p. 1). 13 Regulation (EC) No 517/2014 of the European Parliament and of the Council of 16 April 2014 on fluorinated greenhouse gases and repealing Regulation (EC) No 842/2006 (OJ L 150, 20.5.2014, p. 195). 7204/1/17 REV 1 AT/st 8 DGE 2B EN (17) The achievement of the Energy Union objectives should be ensured through a combination of Union initiatives and coherent national policies set out in integrated national energy and climate ***plans***. Sectorial Union legislation in the energy and climate fields sets out ***planning*** requirements, which have been useful tools to drive change at the national level. Their introduction at different moments in time has led to overlaps and insufficient consideration of synergies and interactions between policy areas. Current separate ***planning***, reporting and monitoring in the climate and energy fields should therefore as far as possible be streamlined and integrated. (18) The integrated national energy and climate ***plans*** should cover ten-year periods and provide an overview of the current energy system and policy situation. They should set out national objectives for each of the five key dimensions of the Energy Union and corresponding policies and measures to meet those objectives and have an analytical basis. The national ***plans*** covering the first period from 2021 to 2030 should pay particular attention to the 2030 targets for greenhouse gas emission reductions, renewable energy, energy efficiency and electricity interconnection. Member States should aim to ensure that the national ***plans*** are consistent with and contribute to achieving the Sustainable Development Goals. In setting out the national ***plans***, Member States may build upon existing national strategies or ***plans***. (19) A mandatory template for the national ***plans*** should be established to ensure that all national ***plans*** are sufficiently comprehensive and to facilitate comparison and aggregation of national ***plans***, while at the same time ensuring sufficient flexibility to Member States to set out the details of national ***plans*** reflecting national preferences and specificities. 7204/1/17 REV 1 AT/st 9 DGE 2B EN (20) The implementation of policies and measures in the areas of the energy and climate has an impact on the environment. Member States should therefore ensure that the public is given early and effective opportunities to participate in and to be consulted on the preparation of the integrated national energy and climate ***plans*** in accordance, where applicable, with the provisions of Directive 2001/42/EC of the European Parliament and of the Council14 and the United Nations Economic Commission for Europe ('UNECE') Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters of 25 June 1998 (the 'Aarhus convention'). Member States should also ensure involvement of social partners in the preparation of the integrated national energy and climate ***plans***. (21) Regional cooperation is key to ensure an effective achievement of the objectives of the Energy Union. Member States should get the opportunity to comment on other Member States' ***plans*** before they are finalised to avoid inconsistencies and potential negative impacts on other Member States and ensure that common objectives are met collectively. Regional cooperation in elaborating and finalising national ***plans*** as well as in the subsequent implementation of national ***plans*** should be essential to improve effectiveness and efficiency of measures and foster market integration and energy security. (22) National ***plans*** should be stable to ensure transparency and predictability of national policies and measures in order to ensure investor certainty. Updates of national ***plans*** should however be foreseen once during the ten-year period covered to give Member States the opportunity to adapt to significant changing circumstances. For the ***plans*** covering the period from 2021 to 2030, Member States should be able to update their ***plans*** by 1 January 2024. Targets, objectives and contributions should only be modified to reflect an increased overall ambition in particular as regards the 2030 targets for energy and climate. As part of the updates, Member States should make efforts to mitigate any adverse environmental impacts that become apparent as part of the integrated reporting. 14 Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain ***plans*** and ***programmes*** on the environment (OJ L 197, 21.7.2001, p.30). 7204/1/17 REV 1 AT/st 10 DGE 2B EN (23) Stable long-term low emission strategies are crucial to contribute towards economic transformation, jobs, growth and the achievement of broader sustainable development goals, as well as to move in a fair and cost-effective manner towards the long-term goal set by the Paris Agreement. Furthermore, Parties to the Paris Agreement are invited to communicate, by 2020, their mid-century, long-term low greenhouse gas emission development strategies. (24) As is the case for ***planning***, sectorial Union legislation in the energy and climate fields sets out reporting requirements, many of which have been useful tools to drive change at the national level, but those requirements have been introduced at different moments in time which has led to overlaps and insufficient consideration of synergies and interactions between policy areas such as GHG mitigation, renewable energy, energy efficiency and market integration. To strike the right balance between the need to ensure a proper follow-up of the implementation of national ***plans*** and the need to reduce administrative burden, Member States should establish biennial progress reports on the implementation of the ***plans*** and other developments in the energy system. Some reporting however, particularly with regard to reporting requirements in the climate field stemming from the United Nations Framework Convention on Climate Change ('UNFCCC') and Union Regulations, would still be necessary on a yearly basis. (25) Member States' integrated progress reports should mirror the elements set out in the template for the national ***plans***. A template for the integrated progress reports should be detailed in subsequent implementing act(s) given their technical nature and the fact that the first progress reports are due in 2021. The progress reports should be carried out in order to ensure transparency towards the Union, other Member States and market actors including consumers. They should be comprehensive across the five dimensions of the Energy Union and, for the first period, at the same time put emphasis on areas covered by the targets of the 2030 Climate and Energy Framework. 7204/1/17 REV 1 AT/st 11 DGE 2B EN (26) Under the UNFCCC, the Union and its Member States are required to develop, regularly update, publish and report to the Conference of the Parties national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases using comparable methodologies agreed by the Conference of the Parties. The GHG inventories are key to enabling the tracking of progress with the implementation of the decarbonisation dimension and for assessing compliance with the legislation in the field of climate, in particular Regulation [OP: act number XXX on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change]15 ('Regulation [ ] [ESR]') and Regulation [OP: act number XXX on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation (EU) No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change] ('Regulation [ ] [LULUCF]')16. (27) Decision 1/CP.16 of the Conference of the Parties to the UNFCCC requires the establishment of national arrangements to estimate anthropogenic emissions by sources and removals by sinks of all greenhouse gases. This Regulation should enable the establishment of those national arrangements. 15 OJ L […], […], p. […]. 16 OJ L […], […], p. […]. 7204/1/17 REV 1 AT/st 12 DGE 2B EN (28) The experience in the implementation of Regulation (EU) No 525/2013 demonstrated the importance of transparency, accuracy, consistency, completeness and comparability of information. Building on that experience, this Regulation should ensure that Member States report on their policies and measures and projections as a key component of the progress reports. The information in those reports should be essential for demonstrating the timely implementation of commitments under Regulation [ ] [ESR]. Operating and continuously improving systems at Union and Member State level coupled with better guidance on reporting should significantly contribute towards an on-going strengthening of the information necessary in order to track progress in the decarbonisation dimension. (29) This Regulation should ensure reporting by Member States on adaptation to climate change and the provision of financial, technological and capacity-building support to developing countries, thereby facilitating the implementation of the Union's commitments under the UNFCCC and Paris Agreement. Furthermore, information on national adaptation actions and support is also important in the context of the integrated national energy and climate ***plans***, especially as regards adaptation to those adverse effects of climate change related to the security of the Union's energy supply such as the availability of cooling water for power plants and biomass availability for energy, and information on support relevant to the external dimension of the Energy Union. (30) In order to limit administrative burden on Member States and the Commission, the latter should establish an online reporting platform to facilitate communication and promote cooperation. That should facilitate [] timely submission of reports as well as [] improved transparency on national reporting. The e-reporting platform should complement, build on and benefit from existing reporting processes, databases and e-tools, such as those of the European Environment Agency, Eurostat, the Joint Research Centre and the lessons learned from the Union's Eco-Management and Audit Scheme. 7204/1/17 REV 1 AT/st 13 DGE 2B EN (31) As concerns data to be provided to the Commission by means of national ***planning*** and reporting, information from Member States should not duplicate data and statistics which have already been made available via Eurostat in the context of Regulation (EC) No 223/2009 of the European Parliament and of the Council17 in the same form as under the ***planning*** and reporting obligations of this Regulation and are still available from Eurostat with the same values. Where available and appropriate in terms of timing, reported data and projections provided in the national energy and climate ***plans*** should build on and be consistent with Eurostat data and the methodology used for reporting European statistics in accordance with Regulation (EC) No 223/2009. (32) In view of the collective achievement of the objectives of the Energy Union Strategy, it will be essential for the Commission to assess national ***plans*** and, based on progress reports, their implementation. For the first ten-year period, this concerns in particular the achievement of the Union-level 2030 targets for energy and climate and national contributions to those targets. Such assessment should be undertaken on a biennial basis, and on an annual basis only where necessary, and should be consolidated in the Commission's State of the Energy Union reports. (33) Aviation has impacts on the global climate as a result of the release of CO2 as well as of other emissions, including nitrogen oxides emissions, and mechanisms, such as cirrus cloud enhancement. In the light of the rapidly developing scientific understanding of those impacts, an updated assessment of the non-CO2 impacts of aviation on the global climate is already foreseen in Regulation (EU) No 525/2013. The modelling used in this respect should be adapted to scientific progress. Based on its assessments of such impacts, the Commission could consider relevant policy options for addressing them. 17 Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical ***Programmes*** of the European Communities (OJ L 87, 31.3.2009, p. 164). 7204/1/17 REV 1 AT/st 14 DGE 2B EN (34) To help ensure coherence between national and Union policies and objectives of the Energy Union, there should be an on-going dialogue between the Commission and the Member States. As appropriate, the Commission should issue recommendations to Member States including on the level of ambition of the draft national ***plans***, on the subsequent implementation of policies and measures of the notified national ***plans***, and on other national policies and measures of relevance for the implementation of the Energy Union. Member States should take utmost account of such recommendations and explain in subsequent progress reports how they have been implemented. (35) Should the ambition of integrated national energy and climate ***plans*** or their updates be insufficient for the collective achievement of the Energy Union objectives and, for the first period, in particular the 2030 targets for renewable energy and energy efficiency, the Commission should take measures at Union level in order to ensure the collective achievement of these objectives and targets (thereby closing any 'ambition gap'). Should progress made by the Union towards these objectives and targets be insufficient for their delivery, the Commission should, in addition to issuing recommendations, take measures at Union level or Member States should take additional measures in order to ensure achievement of these objectives and targets (thereby closing any 'delivery gap'). Such measures should take into account early ambitious contributions made by Member States to the 2030 target[ ] for [ ] energy efficiency when sharing the effort for collective target achievement. Such measures should also take into account early efforts made by Member States to the 2030 target for renewable energy by reaching in 2020 a share of energy from renewable sources above its binding target or by making early progress in the implementation of its contribution to the Union's binding target of at least 27% of renewable energy in 2030. In the area of renewable energy, such measures can also include financial contributions by Member States to a financing platform managed by the Commission, which would be used to contribute to the most cost-efficient renewable energy projects across the Union, thus providing the Member State with the option to contribute to the EU target achievement at the lowest possible cost. Member States' national renewable energy targets for 2020 should serve as baseline shares of renewable energy from 2021 onwards. In the area of energy efficiency, additional measures can in particular aim at improving the energy efficiency of products, buildings and transport. 7204/1/17 REV 1 AT/st 15 DGE 2B EN (36) The Union and the Member States should strive to provide the most up-to-date information on their greenhouse gas emissions and removals. This Regulation should enable such estimates to be prepared in the shortest timeframes possible by using statistical and other information, such as, where appropriate, space-based data provided by the Global Monitoring for Environment and Security ***programme*** and other satellite systems. (37) Under Regulation [ ] [ESR], the approach of the annual commitment cycle taken in Decision No 406/2009/EC of the European Parliament and of the Council18 should continue. That requires a comprehensive review of Member States’ greenhouse gas inventories to enable the assessment of compliance and the application of corrective action, where necessary. A review process at Union level of the greenhouse gas inventories submitted by Member States is necessary to ensure that compliance with Regulation [ ] [ESR] is assessed in a credible, consistent, transparent and timely manner. (38) Member States and the Commission should ensure close cooperation on all matters relating to the implementation of the Energy Union, [] with close involvement of the European Parliament on matters related to this Regulation []. The Commission should as appropriate assist Member States in implementing this Regulation, particularly with regard to the establishment of the national ***plans*** and associated capacity building. (39) Member States should ensure that integrated national energy and climate ***plans*** take into consideration the latest country-specific recommendations issued in the context of the European Semester. 18 Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community’s greenhouse gas emission reduction commitments up to 2020 (OJ L 140, 5.6.2009, p. 136). 7204/1/17 REV 1 AT/st 16 DGE 2B EN (40) The European Environment Agency should assist the Commission, as appropriate and in accordance with its annual work ***programme***, with assessment, monitoring and reporting work. (41) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU) should be delegated to the Commission in order to amend the general framework for integrated national energy and climate ***plans*** (template), set up a financing platform to which Member States can contribute in case the Union trajectory towards the 2030 Union renewable energy target is not collectively met, take account of changes in the global warming potentials ('GWPs') and internationally agreed inventory guidelines, set substantive requirements for the Union inventory system and set up the registries pursuant to Article 33. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Inter-institutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member States' experts, and their experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. It should also take into account, where necessary, decisions adopted under the UNFCCC and the Paris Agreement. (42) In order to ensure uniform conditions for the implementation of Articles 15(3), Article 17(4), Article 23(6), Article 30(6), Article 31(3) and (4) and Article 32(3) of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/201119. 19 Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States

of the Commission’s exercise of implementing powers (OJ L 55, 28.2.2011, p. 13). 7204/1/17 REV 1 AT/st 17 DGE 2B EN (43) The Commission should be assisted in its tasks under this Regulation by an Energy Union Committee to prepare implementing acts. It should replace and take on the assignments of the Climate Change Committee, and other committees as appropriate. (44) The Commission should review the implementation of this Regulation in 2026 and make amending proposals as appropriate to ensure the proper implementation of the Regulation and the achievement of its objectives. The review should take into account evolving circumstances and be informed by the results of the global stocktake of the Paris Agreement, where necessary. (45) This Regulation should integrate, amend, replace and withdraw certain ***planning***, reporting and monitoring obligations currently contained in sectorial energy and climate Union legislation to ensure a streamlined and integrated approach to the main ***planning***, reporting and monitoring strands. The following acts should therefore be amended accordingly: – Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons20; – Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC21; – Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/200622; 20 OJ L 164, 30.6.1994, p. 3. 21 OJ L 350, 28.12.1998, p. 58. 22 OJ L 140, 5.6.2009, p. 114. 7204/1/17 REV 1 AT/st 18 DGE 2B EN – Regulation (EC) No 663/2009 of the European Parliament and of the Council of 13 July 2009 establishing a ***programme*** to aid economic recovery by granting Community financial assistance to projects in the field of energy23; – Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/200524; – Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC25; – Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products26; – Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings27; – Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC28; – Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on safety of offshore oil and gas operations and amending Directive 2004/35/EC29; 23 OJ L 200, 31.7.2009, p. 31. 24 OJ L 211, 14.8.2009, p. 36. 25 OJ L 211, 14.8.2009, p. 94 26 OJ L 265, 9.10.2009, p. 9. 27 OJ L 153, 18.6.2010, p. 13. 28 OJ L 315, 14.11.2012, p. 1. 29 OJ L 178, 28.6.2013, p. 66. 7204/1/17 REV 1 AT/st 19 DGE 2B EN – Council Directive (EU) 2015/652 of 20 April 2015 laying down calculation methods and reporting requirements pursuant to Directive 98/70/EC of the European Parliament and of the Council relating to the quality of petrol and diesel fuels30. (46) This Regulation should also integrate in full the provisions of Regulation (EU) No 525/2013. As a consequence, Regulation (EU) No 525/2013 should be repealed as of 1 January 2021. However, in order to ensure that the implementation of Decision No 406/2009/EC continues under Regulation (EU) No 525/2013 and that certain aspects linked to the implementation of the Kyoto Protocol remain covered by legislation, it is necessary that certain provisions remain applicable after this date. (47) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States alone and can therefore, by reason of the scale and effects of the proposed action, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives. HAVE ADOPTED THIS REGULATION: 30 OJ L 107, 25.4.2015, p. 26. 7204/1/17 REV 1 AT/st 20 DGE 2B EN CHAPTER 1 GENERAL PROVISIONS Article 1 Subject matter and scope 1. This Regulation establishes a Governance mechanism to: (a) implement strategies and measures designed to meet the objectives and targets of the Energy Union, and for the first ten-year period from 2021 to 2030 in particular the EU's 2030 targets for energy and climate; (b) ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of reporting by the Union and its Member States to the UNFCCC and Paris Agreement secretariat. The governance mechanism shall be based on national long-term low emission strategies, integrated national energy and climate ***plans*** covering ten-year periods starting from 2021 to 2030, corresponding integrated national energy and climate progress reports by the Member States and integrated monitoring arrangements by the European Commission. It shall define a structured, iterative process between the Commission and Member States in view of the finalisation of the national ***plans*** and their subsequent implementation, including with regard to regional cooperation, and corresponding Commission action. 2. This Regulation shall apply to the [following] five dimensions of the Energy Union that are closely related and mutually reinforcing: (a) energy security, (b) internal energy market, (c) energy efficiency, (d) decarbonisation and (e) research, innovation and competitiveness. 7204/1/17 REV 1 AT/st 21 DGE 2B EN Article 2 Definitions For the purposes of this Regulation, the definitions in [recast of Directive 2009/28/EC as proposed by COM(2016) 767], Directive 2010/31/EU and Directive 2012/27/EU shall apply. The following definitions shall also apply: (1) 'existing policies and measures' mean implemented and adopted policies and measures; (2) 'implemented policies and measures' mean policies and measures for which one or more of the following applies at the date of submission of the national ***plan*** or progress report: directly applicable European legislation or national legislation is in force, one or more voluntary agreements have been established, financial resources have been allocated, human resources have been mobilized; (3) 'adopted policies and measures' mean policies and measures for which an official government decision has been made by the date of submission of the national ***plan*** or progress report and there is a clear commitment to proceed with implementation; (4) '***planned*** policies and measures' are options under discussion and having a realistic chance of being adopted and implemented after the date of submission of the national ***plan*** or progress report; (5) 'projections' means forecasts of anthropogenic greenhouse gas emissions by sources and removals by sinks or developments of the energy system including at least quantitative estimates for a sequence of four future years ending with 0 or 5 immediately following the reporting year; (6) ‘projections without measures’ means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks that exclude the effects of all policies and measures which are ***planned***, adopted or implemented after the year chosen as the starting point for the relevant projection; 7204/1/17 REV 1 AT/st 22 DGE 2B EN (7) ‘projections with measures’ means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks that encompass the effects, in terms of greenhouse gas emission reductions or developments of the energy system, of policies and measures that have been adopted and implemented; (8) ‘projections with additional measures’ means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks or developments of the energy system that encompass the effects, in terms of greenhouse gas emission reductions, of policies and measures which have been adopted and implemented to mitigate climate change or meet energy objectives, as well as policies and measures which are ***planned*** for that purpose; (9) 'the Union’s 2030 targets for energy and climate' means the Union-wide binding target of at least 40% domestic reduction in economy-wide greenhouse gas emissions as compared to 1990 to be achieved by 2030, the Union-level binding target of at least 27% for the share of renewable energy consumed in the Union in 2030, the [] Union-level headline target of [ ] 30% for improving energy efficiency in 2030, [ ] and the 15% electricity interconnection target for 2030 or any subsequent targets in this regard agreed by the European Council or Council and Parliament for the year 2030. (10) 'national inventory system’ means a system of institutional, legal and procedural arrangements established within a Member State for estimating anthropogenic emissions by sources and removals by sinks of greenhouse gases, and for reporting and archiving inventory information; (11) 'indicator' means a quantitative or qualitative factor or variable that contributes to better understanding progress in implementing; (12) 'policies and measures' means all instruments which contribute to meeting the objectives of the integrated national energy and climate ***plans*** and/or to implement commitments under Article 4(2)(a) and (b) of the UNFCCC, which may include those that do not have the limitation and reduction of greenhouse gas emissions or change in the energy system as a primary objective; 7204/1/17 REV 1 AT/st 23 DGE 2B EN (13) 'system for policies and measures and projections' means a system of institutional, legal and procedural arrangements established for reporting policies and measures and projections relating to anthropogenic emissions by sources and removals by sinks of greenhouse gases and to the energy system, inter alia as required by Article 32; (14) 'technical corrections' means adjustments to the national greenhouse gas inventory estimates made in the context of the review carried out pursuant to Article 31 when the submitted inventory data are incomplete or are prepared in a way that is not consistent with relevant international or Union rules or guidelines and that are intended to replace originally submitted estimates; (15) ‘quality assurance’ means a ***planned*** system of review procedures to ensure that data quality objectives are met and that the best possible estimates and information are reported to support the effectiveness of the quality control ***programme*** and to assist Member States; (16) ‘quality control’ means a system of routine technical activities to measure and control the quality of the information and estimates compiled with the purpose of ensuring data integrity, correctness and completeness, identifying and addressing errors and omissions, documenting and archiving data and other material used, and recording all quality assurance activities; (17) 'key indicators' mean the indicators for the progress made with regard to the five dimensions of the Energy Union as proposed by the Commission; (18) 'SET-***Plan***' means the ***Strategic*** Energy Technology ***Plan*** as set out in Commission Communication (2015) 6317. (19) ‘early efforts’ means a Member State's achievement in 2020 of a share of energy from renewable sources above its national binding 2020 target or a Member States early progress in the implementation of its contribution to the Union's binding target of at least 27% of renewable energy in 2030 as referred to in Article 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]. 7204/1/17 REV 1 AT/st 24 DGE 2B EN CHAPTER 2 INTEGRATED NATIONAL ENERGY AND CLIMATE ***PLANS*** Article 3 Integrated national energy and climate ***plans*** 1. By [ ] 31 December 2019 and every ten years thereafter, each Member State shall notify to the Commission an integrated national energy and climate ***plan***. The ***plans*** shall contain the elements set out in paragraph 2. The content of the ***plans*** is further specified in [] Annex I. The first ***plan*** shall cover the period from 2021 to 2030. The following ***plans*** shall cover the ten-year period immediately following the end of the period covered by the previous ***plan***. 2. The integrated national energy and climate ***plans*** shall consist of the following main sections: (a) an overview of the process followed for establishing the integrated national energy and climate ***plan*** consisting of an executive summary, a description of the consultation and involvement of stakeholders and their results, and of regional cooperation with other Member States in preparing the ***plan***; (b) a description of [ ] national objectives, targets and contributions [ ] relating to the [ ] dimensions of the Energy Union, as set out in Article 4 and Annex I; (c) a description of the policies and measures foreseen in relation to [ ] the corresponding objectives, targets and contributions set out under point (b); (d) a description of the current situation of the five dimensions of the Energy Union including with regard to the energy system and greenhouse gas emissions and removals as well as projections with regard to the objectives referred to in point (b) with already existing (implemented and adopted) policies and measures; 7204/1/17 REV 1 AT/st 25 DGE 2B EN (e) an assessment of the impacts of the ***planned*** policies and measures to meet the objectives referred to in point (b); (f) an annex, drawn up in accordance with the requirements and structure laid down in Annex II to this Regulation, setting out the Member State's methodologies and policy measures for achieving the energy savings requirement in accordance with Article 7 to Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761] and Annex V thereto. 3. When preparing the national ***plans*** referred to in paragraph 1, Member States shall take into account the interlinkages between the five dimensions of the Energy Union and they shall use consistent data and assumptions across the five dimensions where relevant. 4. The Commission is empowered to adopt delegated acts 31 in accordance with Article 36 to amend Annex I in order to adapt it to amendments to the Union Energy and Climate policy framework, energy market developments and new UNFCCC and Paris Agreement requirements. Article 4 National objectives, targets and contributions for [ ] the five dimensions of the Energy Union 32 Member States shall set out in their integrated national energy and climate ***plan*** their [ ] objectives, targets and contributions relating to the five dimensions of the Energy Union, as specified in Section A.2 of Annex I. These five dimensions and the main quantified objectives, targets and contributions are set out below: 31 Note: it was underlined during the discussion that implementing acts should not be used to amend an Annex. 32 Note: by limiting the Article 4 to 'headline' targets only, the Presidency intends to move the detailed discussion on what should and should not be included in the integrated energy and climate ***plans*** to the examination of Annex I. It is recalled that due to the setup of the Commission proposal, that discussion on Annex I will in turn have repercussions on the Progress Reports in Chapter 4. 7204/1/17 REV 1 AT/st 26 DGE 2B EN (a) as regards the dimension 'Decarbonisation': (1) with respect to greenhouse gas emissions and removals and with a view to contributing to the achievement of the economy wide EU greenhouse gas emissions reduction target: i. the Member State's binding national target for greenhouse gas emissions and the annual binding national limits pursuant to Regulation [ ] [ESR]; ii. the Member State's commitments pursuant to Regulation [ ] [LULUCF]; iii. where applicable, other national objectives and targets consistent with existing long-term low emission strategies; iv. where applicable, other objectives and targets, including sector targets and adaptation goals; (2) with respect to renewable energy: i. with a view to achieving the Union's binding target of at least 27% renewable energy in 2030 as referred to in Article 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], a contribution to this target in terms of the Member State's share of energy from renewable sources in gross final consumption of energy in 2030, with an indicative [] trajectory for that contribution from 2021 onwards. By 2025, the indicative trajectory shall reach at least [X]%33 of the total increase in the share of energy from renewable sources between that Member State's binding 2020 national target and its contribution to the 2030 target. The Member States' indicative trajectories, taken together, shall add up to the Union's binding target of at least 27% renewable energy in 2030; ii. estimated trajectories for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the heating and cooling, electricity, and transport sectors; 33 Note: delegations are invited to express themselves on this percentage. 7204/1/17 REV 1 AT/st 27 DGE 2B EN iii. [] assessed contributions by renewable energy technology that the Member State ***plans*** to use to achieve the overall and sectorial trajectories for renewable energy from 2021 to 2030 including total expected gross final energy consumption per technology and sector in Mtoe and total ***planned*** installed capacity per technology and sector in MW; (b) as regards the dimension 'Energy Efficiency': (1) the indicative national energy efficiency contribution to achieving the Union's [binding] energy efficiency target of 30% in 2030 as referred to in Article 1(1) and Article 3(4) of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761], based on either primary or final energy consumption, primary or final energy savings, or energy intensity. Member States shall express their contribution in terms of absolute level of primary energy consumption and final energy consumption in 2020, and in terms of absolute level of primary energy consumption and/or final energy consumption in 2030, with a linear trajectory for that contribution from 2021 onwards. They shall explain their underlying methodology and the conversion factors used; (2) the cumulative amount of energy savings to be achieved over the period 2021-2030 under Article 7 on energy saving obligations of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761]; (3) the objectives of [] the long-term strategy for the renovation of the national stock of residential and [] non-residential buildings, [] both public and private[], in accordance with Article 2a of Directive 2010/31/EU on the energy performance of buildings; (4) the total floor area to be renovated or equivalent annual energy savings to be achieved from 2020 to 2030 under Article 5 on the exemplary role of public bodies' buildings of Directive 2012/27/EU; (5) other national energy efficiency objectives, if any, including long term targets or strategies and sectorial targets in areas such as transport, heating and cooling; 7204/1/17 REV 1 AT/st 28 DGE 2B EN (c) as regards the dimension 'Energy Security':. (1) national objectives with regard to increasing the diversification of energy sources and supply from third countries; (2) if applicable, national objectives with regard to reducing energy import dependency from third countries; (3) national objectives with regard to the readiness to cope with constrained or interrupted supply of an energy source, in coherence with the ***plans*** to be established under Regulation [as proposed by COM(2016) 52 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010] as well as under Regulation [as proposed by COM(2016) 862 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC] including a timeframe for when the objectives should be met; (4) national objectives with regard to deployment of national domestic energy sources []; (d) as regards the dimension 'Internal Energy Market': (1) the level of electricity interconnectivity that the Member State aims for in 2030 in consideration of the electricity interconnection target for 2030 of at least 15 %; Member States shall explain the underlying methodology 34; (2) key national objectives for electricity and gas transmission infrastructure that are necessary for the achievement of objectives and targets under any of the five dimensions of the Energy Union Strategy; 34 Explanatory footnote: a methodology on how the 15% interconnection target should be calculated will be proposed by the Commission, based on the advice to be provided by the electricity interconnection target expert group. 7204/1/17 REV 1 AT/st 29 DGE 2B EN (3) if applicable, national objectives related to other aspects of the internal energy market such as market integration and coupling, including a timeframe for when the objectives should be met; (4) if applicable, national objectives with regard to ensuring electricity system adequacy as well as flexibility of the energy system with regard to renewable energy production, including a timeframe for when the objectives should be met; (e) as regards the dimension 'Research, Innovation and Competitiveness': (1) national objectives and funding targets for public and, where available, [] private research and innovation relating to the Energy Union; if applicable, including a timeframe for when the objectives should be met. Such targets and objectives should be coherent with those set out in the Energy Union Strategy and the SET-***Plan***; (2) if applicable, [] national 2050 objectives for the deployment of low carbon technologies; (3) if applicable, national objectives with regard to competitiveness. In setting out the abovementioned main objectives, targets and contributions, Member States may build upon existing national strategies or ***plans*** that are compatible with Union legislation. 7204/1/17 REV 1 AT/st 30 DGE 2B EN Article 5 Member States' contribution setting process in the area of renewable energy 1. When setting their contribution for their share of energy from renewable sources in gross final consumption of energy in 2030 and the last year of the period covered for the subsequent national ***plans***, pursuant to Article 4(a)(2)(i), Member States shall take into account the following: (a) the measures provided for in [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (b) the measures adopted to reach the energy efficiency target adopted pursuant to Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761]; (c) where relevant, other measures to promote renewable energy within Member States and at Union level; and (d) any relevant circumstances affecting renewable energy deployment, such as inter alia: (i) equitable distribution of deployment across the European Union; (ii) economic potential; (iii) geographical and natural constraints, including those of non-interconnected areas and regions; and (iv) the level of power interconnection between Member States. A Member State shall indicate in its integrated national energy and climate ***plan*** which relevant circumstances affecting renewable energy deployment it has taken into account. 2. Member States shall collectively ensure that the sum of their contributions adds up to at least 27% of energy ***produced*** from renewable sources in gross final energy consumption at Union level by 2030. 7204/1/17 REV 1 AT/st 31 DGE 2B EN Article 6 Member States' contribution setting process in the area of energy efficiency 1. When setting their indicative national energy efficiency contribution for 2030 and the last year of the period covered for the subsequent national ***plans*** pursuant to Article 4(b)(1), Member States shall ensure that [] the Union’s 2020 energy consumption is no more than 1 483 Mtoe of primary energy and/or no more than 1 086 Mtoe of final energy, the Union’s 2030 energy consumption is no more than 1 321 Mtoe of primary energy and/or no more than 987 Mtoe of final energy for the first ten-year period [] ('the Union’s [binding] headline target for 2030 referred to in Articles 1 and 3 of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761]') []; In addition, Member States shall take into account: (a) the measures provided for in Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761]; (b) other measures to promote energy efficiency within Member States and at Union level. 2. When setting their contribution referred to in paragraph 1 Member States may take into account circumstances affecting primary and final energy consumption, such as, inter alia: (a) remaining cost-effective energy-saving potential; (b) evolution and forecast of gross domestic product; (c) changes of energy imports and exports; (d) development of all sources of low carbon [renewable] energy [ies], [nuclear energy,] carbon capture and storage; and (e) early actions. 7204/1/17 REV 1 AT/st 32 DGE 2B EN Article 7 National policies and measures for each of the five dimensions of the Energy Union Member States shall describe, in accordance with Annex I, in their integrated national energy and climate ***plan***, the main existing (implemented and adopted) and ***planned*** policies and measures to achieve in particular the objectives set out in the national ***plan***, including, where applicable, measures foreseen for [to ensure] regional cooperation and appropriate financing at national and regional level. Article 8 Analytical basis of the integrated national energy and climate ***plans*** 1. Member States shall describe, in accordance with the structure and format specified in Annex I, the current situation for each of the five dimensions of the Energy Union including of the energy system and greenhouse gas emissions and removals at the time of submission of the national ***plan*** or on the basis of the latest available information. Member States shall also set out and describe projections for each of the five dimensions of the Energy Union, for the [] duration of the ***plan***, [and for a period of ten years following the last year covered by the ***plan***,] expected to result from existing (implemented and adopted) policies and measures. Member States shall endeavour to describe additional longer term perspectives for the five dimensions beyond the duration of the ***plan***, where relevant and possible. 2. Member States shall describe in their integrated national energy and climate ***plan*** their assessment, at national and where applicable regional level, of: 7204/1/17 REV 1 AT/st 33 DGE 2B EN (a) the impacts on the development of the energy system and greenhouse gas emissions and removals for the [] duration of the ***plan*** and for a period of ten years following the last year covered by the ***plan***, under the ***planned*** policies and measures including a comparison with the projections based on existing (implemented and adopted) policies and measures referred to in paragraph 1; (b) the macroeconomic, environmental, skills and social impact of the ***planned*** policies and measures referred to in Article 7 and further specified in Annex I, for the first ten-year period at least until the year 2030 including a comparison with the projections based on existing (implemented and adopted) policies and measures referred to in paragraph 1; (c) interactions between existing (implemented and adopted) and ***planned*** policies and measures within a policy dimension and between existing (implemented and adopted) and ***planned*** policies and measures of different dimensions for the first ten-year period at least until the year 2030. Projections concerning security of supply, infrastructure and market integration shall be linked to robust energy efficiency scenarios. Article 9 Draft integrated national energy and climate ***plans*** 1. By [31 December] 2018]35 and every ten years thereafter Member States shall prepare and submit to the Commission a draft of the integrated national energy and climate ***plan*** referred to in Article 3(1). 35 Explanatory note: the sequencing of the draft and final national ***plans*** and the timelines for their submission have been aligned with the Paris Agreement in order to allow for an informed participation of the EU and its Member States in its review mechanism. Hence, the Commission proposal requires the draft ***plans*** by January 2018 in view of the Facilitative Dialogue of November 2018. This will allow the EU and its Member States to be prepared and explain how the EU and its Member States are taking steps to implement the EU 2030 commitment under the Paris Agreement. 7204/1/17 REV 1 AT/st 34 DGE 2B EN 2. The Commission may issue recommendations, 36 based on the submitted draft ***plans***, to Member States in accordance with Article 28. [ ] Those recommendations [] may address: (a) the level of ambition of objectives, targets and contributions in view of collectively achieving the Energy Union objectives and notably the Union's 2030 targets for renewable energy and energy efficiency; (b) policies and measures relating to Member States' and Union level objectives and other policies and measures of potential cross-border relevance; (c) interactions between and consistency of existing (implemented and adopted) and ***planned*** policies and measures included in the integrated national energy and climate ***plan*** within one dimension and among different dimensions of the Energy Union. 3. Member States shall take [] due account of any recommendations from the Commission when finalising their integrated national energy and climate ***plan***. Article 10 Public consultation Without prejudice to any other Union law requirements, Member States shall ensure that the public is given early and effective opportunities to participate in the preparation of draft ***plans*** referred to in Article 9 and attach to the submission of their draft and/or final integrated national energy and climate ***plan*** to the Commission a summary of the public’s views. In so far as the provisions of Directive 2001/42/EC are applicable 37, consultations undertaken in accordance with that Directive shall be deemed to satisfy also the obligations to consult the public under this Regulation. 36 Note: cf. Art. 288 TFEU '(...) Recommendations and opinions shall have no binding force.' 37 Explanatory note: Art. 6 (1) of Directive 2001/42/EC on the assessment of the effects of certain ***plans*** and ***programmes*** on the environment requires consultations to be carried out on the draft ***plans*** or ***programmes***. 7204/1/17 REV 1 AT/st 35 DGE 2B EN Article 11 Regional cooperation 1. Member States shall cooperate with each other at regional level to effectively meet the targets, objectives and contributions set out in their integrated national energy and climate ***plan***. 2. Member States shall, well before submitting their draft integrated national energy and climate ***plan*** to the Commission pursuant to Article 9(1), identify opportunities for regional cooperation and consult neighbouring Member States and the other Member States expressing an interest. Member States shall set out in their draft integrated national energy and climate ***plans*** at least the provisional results of such regional consultation, including where applicable how comments have been taken into account. 3. The Commission shall facilitate cooperation and consultation among the Member States on the draft ***plans*** submitted to it under Article 9 in view of their finalisation. 4. Member States shall consider [] the comments received from other Member States pursuant to paragraphs 2 and 3 when preparing [] their final integrated national energy and climate ***plan***, and explain in those ***plans*** how such comments have been considered [ ]. 5. For the purposes specified in paragraph 1, Member States shall continue to cooperate at regional level when implementing the policies and measures of their ***plans***. Article 12 Assessment of the integrated national energy and climate ***plans*** [ ] On the basis of the integrated national energy and climate ***plans*** and their updates as notified pursuant to Articles 3 and 13, the Commission [ ] shall assess, in particular, whether: 7204/1/17 REV 1 AT/st 36 DGE 2B EN (a) the targets, objectives and contributions are sufficient for the collective achievement of the Energy Union objectives and for the first ten-years period in particular the targets of the Union's 2030 Climate and Energy Framework; (b) the ***plans*** comply with requirements of Articles 3 to 11 and Member States have taken [] due account of the Commission recommendations issued pursuant to Article 28. Article 13 Update of the integrated national energy and climate ***plan*** 38 1. By [ ] 31 July 202339, and every 10 years thereafter, Member States shall submit to the Commission a draft update of the latest notified integrated national energy and climate ***plan*** referred to in Article 3 or confirm to the Commission that the ***plan*** remains valid. 2. By [ ] 31 July 2024, and every 10 years thereafter, Member States shall notify to the Commission an update of the latest notified integrated national energy and climate ***plan*** referred to in Article 3, unless they have confirmed that the ***plan*** remains valid pursuant to paragraph 1 of this Article. 38 Explanatory note: it is underlined that this Article contains no obligation for MS to submit an update, in case the NECP remains valid ('or confirm to the Commission that the ***plan*** remains valid', cf. para 1 and 2). Furthermore, the Article contains no provision preventing MS from making policy changes/adaptations as required, or updating their NECP's at other moments in time. 39 Explanatory note: the sequencing of the draft and final updated national ***plans*** and the timelines for their submission have been aligned with the Paris Agreement in order to allow for an informed participation of the EU and its Member States in its review mechanism. Hence, the Commission proposal requires the draft updated ***plans*** by January 2023 in view of the Global Stocktake of November 2023. This will allow the EU and its Member States to participate in this process fully prepared and to show leadership by explaining how the EU and its Member States are implementing the EU 2030 commitment under the Paris Agreement. 7204/1/17 REV 1 AT/st 37 DGE 2B EN 3.40 In the update referred to in paragraph 2, Member States shall only modify their national [] target[], objective[] or contribution[] for each [ ] quantified EU target, objective or contribution set out in Article 4(a) and (b), [ ] to reflect an increased ambition as compared to the one[] set in the latest notified integrated national energy and climate ***plan***. 4. Member States shall make efforts to mitigate in the updated ***plan*** any adverse environmental impacts that become apparent as part of the integrated reporting pursuant to Articles 15 to 22. 5. Member States shall take into consideration the latest country-specific recommendations issued in the context of the European Semester when preparing the update referred to in paragraph 2. 6. The procedures laid down in Article 9(2) and Article 11 shall apply to the preparation and assessment of the updated integrated national energy and climate ***plans***. 40 Explanatory note: the changes aim to make it clear that (without prejudice to sectoral obligations under EU law) MS have the flexibility to make adjustments on their subtargets etc. at national level, provided that their national overall target/objective/contribution on the 'EU headline targets' as listed in Art. 4(a) and (b) is not decreased. For example, a MS could decrease its national subtargets for renewable energy in transport or solar energy, provided it offsets this decrease by at least 100%, for example by increasing its national subtargets for renewable energy in Heating and Cooling and wind energy. 7204/1/17 REV 1 AT/st 38 DGE 2B EN CHAPTER 3 LONG-TERM LOW EMISSION STRATEGIES Article 14 41 Long-term low emission strategies 1. Member States shall prepare and report to the Commission by 1 January 2020 and every 10 years thereafter their long-term low emission strategies with a [] perspective of at least 30 years, to contribute to: (a) fulfilling the Union’s and the Member States’ commitments under the UNFCCC and the Paris Agreement to reduce anthropogenic greenhouse gas emissions and enhance removals by sinks; (b) fulfilling the objective of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels; (c) achieving long-term greenhouse gas emission reductions and enhancements of removals by sinks in all sectors in line with the Union’s objective, in the context of necessary reductions according to the IPCC by developed countries as a group, to reduce emissions by 80 to 95 % by 2050 compared to 1990 levels in a cost-effective manner. 2. The long-term low emission strategies shall cover: (a) total greenhouse gas emissions reductions and enhancements of removals by sinks; (b) emissions reductions and enhancement of removals in individual sectors including among others electricity, industry, transport, the buildings sector (residential and tertiary), ***agriculture***, waste and land use, land-use change and forestry (LULUCF); 41 Explanatory note: corresponds to Article 4 MMR 7204/1/17 REV 1 AT/st 39 DGE 2B EN (c) expected progress on transition to a low greenhouse gas emission economy including greenhouse gas intensity, CO2 intensity of gross domestic product and strategies for related research, development and innovation; (d) links to other national long-term ***planning***. 3. The long-term low emission strategies referred to in this Article and the integrated national energy and climate ***plans*** referred to in Article 3 [ ] shall be consistent with each other. 4. The Member States shall make available to the public forthwith their respective long-term low emission strategies and any updates thereof. CHAPTER 4 REPORTING SECTION 1 BIENNIAL PROGRESS REPORTS AND THEIR FOLLOW UP Article 15 Integrated National Energy and Climate Progress Reports 1. Without prejudice to Article 23, by 15 March [] 202342, and every two years thereafter, each Member State shall report to the Commission on the status of implementation of the integrated national energy and climate ***plan*** by means of integrated national energy and climate progress reports covering all five key dimensions of the Energy Union. 2. The report referred to in paragraph 1 shall cover the following elements: 42 Note: this change of date will require further consequential changes in order to guarantee the continued reporting on energy efficiency (Art. 47 & 52 Governance) and renewables (in RED2 recast) [and climate]. 7204/1/17 REV 1 AT/st 40 DGE 2B EN (a) information on the progress accomplished towards reaching the targets, objectives and contributions set out in the integrated national energy and climate ***plan***, and towards implementing the policies and measures necessary to meet them; (b) the information referred to in Articles 18 to 22 and, where appropriate, updates on policies and measures, in accordance with those articles; (c) policies and measures and projections of anthropogenic greenhouse gas emissions by sources and removals by sinks in accordance with Article 16; (d) information on national climate change adaptation ***planning*** and strategies in accordance with Article 17(1); [ ] (f) [ ] as far as possible quantification of the impact of the policies and measures in the Integrated National Energy and Climate ***plan*** on air quality and on emissions [] of air pollutants [ ]. [(g) the annual reports referred to in Article 17(2) and Article 23.] The Union and the Member States shall submit biennial reports in accordance with Decision 2/CP.17 of the Conference of the Parties to the UNFCCC, and national communications in accordance with Article 12 of the UNFCCC to the UNFCCC Secretariat. 3. The Commission shall adopt implementing acts to set out the structure, format, technical details and process for the information referred to in paragraphs 1 and 2. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). 4. The frequency and scale of the information and updates referred to in paragraph 2(b) shall be balanced against the need to ensure sufficient certainty for investors. 7204/1/17 REV 1 AT/st 41 DGE 2B EN 5. Where the Commission has issued recommendations pursuant to Article 27(2) or (3), the Member State concerned shall include in its report referred to in paragraph 1 of this Article information on the policies and measures adopted, or intended to be adopted and implemented, to address those recommendations. Such information shall include a detailed timetable for implementation. Article 16 Integrated reporting on GHG policies and measures and on projections 43 1. By 15 March 2021, and every two years thereafter, Member States shall report to the Commission information on: (a) their national policies and measures or group of measures as set out in Annex IV, and (b) their national projections of anthropogenic greenhouse gas emissions by sources and removals by sinks, organised by gas or group of gases (Hydrofluorocarbons and Perfluorocarbons) listed in Part 2 of Annex III. National projections shall take into consideration any policies and measures adopted at Union level and shall include the information set out in Annex V. 2. Member States shall report the most up-to-date projections available. Where a Member State does not submit complete projection estimates by 15 March every second year, and the Commission has established that gaps in the estimates cannot be filled by that Member State once identified through the Commission’s quality assurance or quality control procedures, the Commission may prepare estimates as required to compile Union projections, in consultation with the Member State concerned. 3. A Member State shall communicate to the Commission any substantial changes to the information reported pursuant to paragraph 1 during the first year of the reporting period, by 15 March of the year following the previous report. 43 Explanatory note: corresponds to Article 13 and 14 MMR. 7204/1/17 REV 1 AT/st 42 DGE 2B EN 4. Member States shall make available to the public, in electronic form, their national projections pursuant to paragraph 1 and any relevant assessment of the costs and effects of national policies and measures on the implementation of Union policies relevant for limiting GHG emissions along with any relevant underpinning technical reports. Those projections and assessments should include descriptions of the models and methodological approaches used, definitions and underlying assumptions. Article 17 Integrated reporting on national adaptation actions, financial and technology support provided to developing countries, auctioning revenue 44 1. By 15 March 2021, and every two years thereafter 45, Member States shall report to the Commission information on their national climate change adaptation ***planning*** and strategies, outlining their implemented [ ] and ***planned*** actions to facilitate adaptation to climate change, including the information specified in Part 1 of Annex VI. 2. By [ ] 31 July 2021 and every year thereafter (year X), Member States shall report to the Commission information on: (a) support to developing countries, including the information specified in Part 2 of Annex VI; (b) the use of revenues generated by the Member State by auctioning allowances pursuant to Article 10(1) and Article 3d(1) or (2) of Directive 2003/87/EC including the information specified in Part 3 of Annex VI. 3. Member States shall make available to the public the reports submitted to the Commission pursuant to this Article. 44 Explanatory note: corresponds to Articles 15, 16 and 17(b) and (c) of the MMR. 45 Explanatory note: 'every 2 years' follows from Paris Agreement cf.paragraph 90 Decision 1/CP.21 7204/1/17 REV 1 AT/st 43 DGE 2B EN 4. The Commission shall adopt implementing acts to set out the structure, format and submission processes for Member States’ reporting of information pursuant to this Article. Those implementing acts shall be adopted in accordance with the procedure referred to in Article 37(3). Article 18 Integrated reporting on renewable energy 46 Member States shall include in the integrated national energy and climate progress reports the information: (a) on the implementation of the following trajectories and objectives: (1) national trajectory for the overall share of renewable energy in gross final energy consumption from 2021 to 2030; (2) estimated [ ] trajectories for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the electricity, heating and cooling and transport sector; (3) assessed contributions [ ] by renewable energy technology to use to achieve the overall and sectorial trajectories for renewable energy from 2021 to 2030 including total expected gross final energy consumption per technology and sector in Mtoe and total ***planned*** installed capacity per technology and sector in MW; (4) if available, data [ ] on bioenergy demand, disaggregated between heat, electricity and transport, including the share of biofuels, share of advanced biofuels, share of biofuel ***produced*** from main crops ***produced*** on ***agricultural*** land, and data on biomass supply, by feedstock and origin (distinguishing between domestic production and imports). For forest biomass, an assessment of its source and impact on the LULUCF sink should be provided upon its availability; 46 Note: For Articles 18-22, (progress reports) consequential changes that follow from the discussions on Article 4 and Annex I will be made. 7204/1/17 REV 1 AT/st 44 DGE 2B EN (5) if applicable, other national trajectories and objectives including long-term and sectorial ones (such as [ ] 47 share of electricity ***produced*** from biomass without the utilisation of heat, share of renewable energy in district heating, renewable energy use in buildings, renewable energy ***produced*** by cities, energy communities and self-consumers); (b) on the implementation of the following policies and measures: (1) implemented, adopted and ***planned*** policies and measures to achieve the national contribution to the binding Union-level 2030 target for renewable energy as indicated in Article 4(a)(2)(i), including sector- and technology-specific measures, with a specific review of the implementation of measures laid down in Articles 23, 24 and 25 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (2) specific measures for regional cooperation; (3) without prejudice to Articles 107 and 108 TFEU, specific measures on financial support, including Union support and the use of Union funds, for the promotion of the use of energy from renewable sources in electricity, heating and cooling, and transport; (4) specific measures to fulfil the requirements of Articles 15, 16, 17, 18, 21 and 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (5) measures promoting the use of energy from biomass, especially for new biomass mobilisation taking into account biomass availability (both the domestic potential and the imports from third countries) and other biomass uses (***agriculture*** and forest-based sectors), as well as measures for the sustainability of biomass ***produced*** and used; (c) as set out in Part 1 of Annex VII. 47 Note: deleted text (subject to mandatory reporting so far) was moved to Art. 18(4), since Art. 18(5) covers voluntary reporting ('if applicable'). 7204/1/17 REV 1 AT/st 45 DGE 2B EN Article 19 Integrated reporting on energy efficiency Member States shall include in the integrated national energy and climate progress reports the information: (a) on the implementation of the following national trajectories, objectives and targets: (1) the trajectory for primary and/or final annual energy consumption from 2020 to 2030 as the national energy savings contribution to achieving the Union-level 2030 target including underlying methodology; (2) objectives [] of the long-term strategy for the renovation of the national stock of [] residential and [] non-residential buildings, both public and private; (3) if applicable, an update of other national objectives set out in the national ***plan***; (b) on the implementation of the following policies and measures: (1) implemented, adopted and ***planned*** policies, measures and ***programmes*** to achieve the indicative national energy efficiency contribution for 2030 as well as other objectives presented in Article 6, including ***planned*** measures and instruments (also of a financial nature) to promote the energy performance of buildings, measures to utilise energy efficiency potentials of gas and electricity infrastructure and other measures to promote energy efficiency; (2) if applicable, market-based instruments that incentivise energy efficiency improvements, including but not limited to energy taxes, levies and allowances; (3) national energy efficiency obligation scheme and alternative measures pursuant to Article 7a and 7b of Directive 2012/27/EU, [version as amended in accordance with proposal COM(2016) 761] and in accordance with Annex II to this Regulation; 7204/1/17 REV 1 AT/st 46 DGE 2B EN (4) long-term strategy for the renovation of the national stock of [] residential and [] non-residential buildings, both public and private, including policies and measures to stimulate cost-effective deep [] renovations of buildings, including staged deep renovations; (5) policy and measures to promote energy services in the public sector and measures to remove regulatory and non-regulatory barriers that impede the uptake of energy performance contracting and other energy efficiency service models; (6) regional cooperation in the area of energy efficiency, if applicable; (7) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in the area of energy efficiency at national level, if applicable; (c) as set out in Part 2 of Annex VII. Article 20 Integrated reporting on energy security Member States shall include in the integrated national energy and climate progress reports the information on the implementation of: (a) national objectives for the diversification of energy sources and supply countries, storage, demand response; (b) national objectives with regard to reducing energy import dependency from third countries; (c) national objectives for the development of the ability to cope with constrained or interrupted supply of an energy source, including gas and electricity; (d) national objectives for the deployment of domestic energy sources []; 7204/1/17 REV 1 AT/st 47 DGE 2B EN (e) implemented, adopted and ***planned*** policies and measures to achieve the objectives referred to in points (a) to (d); (f) regional cooperation in implementing the objectives and policies referred to in points (a) to (d); (g) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in this area at national level, if applicable; Article 21 Integrated reporting on the internal energy market 1. Member States shall include in the integrated national energy and climate progress reports information on the implementation of the following objectives and measures: (a) the level of electricity interconnectivity that the Member State aims for in 2030 in relation to the 15% target on electricity interconnection; (b) key national objectives for electricity and gas transmission infrastructure that are necessary for the achievement of objectives and targets under any of the five key dimensions of the Energy Union; (c) if applicable, main infrastructure projects envisaged other than Projects of Common Interest; (d) national objectives related to other aspects of the internal energy market such as market integration and coupling, if applicable; (e) if applicable, national objectives with regards to energy poverty, including the number of households in energy poverty; (f) national objectives with regard to ensuring electricity system adequacy, if applicable; (g) implemented, adopted and ***planned*** policies and measures to achieve the objectives referred to in points (a) to (f); 7204/1/17 REV 1 AT/st 48 DGE 2B EN (h) regional cooperation in implementing the objectives and policies referred to in points (a) to (g); (i) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in the area of the internal energy market at national level, if applicable; (j) measures to increase the flexibility of the energy system with regard to renewable energy production, including the roll-out of intraday market coupling and cross-border balancing markets. 2. The information provided by Member States under paragraph 1 shall be coherent with and as appropriate be based on the report by the national regulators referred to in Article 59(1)(h) of the [recast of Directive 2009/72/EC as proposed by COM(2016) 864] and Article 41(1)(e) of Directive 2009/73/EC. Article 22 Integrated reporting on research, innovation and competitiveness Member States shall include in the integrated national energy and climate progress reports [] the information on the implementation of the following objectives and measures: (a) national objectives and policies translating to a national context the SET ***Plan*** objectives and policies; (b) national objectives for total [] public and, where available, private [] spending in research and innovation relating to clean energy technologies as well as for technology cost and performance development; (c) if appropriate, national objectives including long term targets for 2050 for the deployment of technologies for decarbonising energy- and carbon-intensive industrial sectors and, if applicable, for related carbon transport, use, and storage infrastructure; (d) national objectives to phase out energy subsidies, especially those with an adverse effect on climate policy; 7204/1/17 REV 1 AT/st 49 DGE 2B EN (e) implemented, adopted and ***planned*** policies and measures to achieve the objectives referred to in points (b) and (c); (f) cooperation with other Member States in implementing the objectives and policies referred to in points (b) to (d), including coordination of policies and measures through the SET ***Plan***, such as alignment of research ***programmes*** and common ***programmes***; (g) financing measures, including Union support and the use of Union funds, in this area at national level, if applicable. SECTION 2 ANNUAL REPORTING Article 23 Annual Reporting 48 1. By 31 [ ] July 2021, and every year thereafter (year X), Member States shall report to the Commission: (a) their approximated greenhouse gas inventories for the year X-1; (b) the information referred to in Article 6(2) of Directive 2009/119/EC; (c) the information referred to in Annex IX, point 3, to Directive 2013/30/EU, in accordance with Article 25 of that directive. For the purposes of point (a), the Commission shall, on the basis of the Member States’ approximated greenhouse gas inventories or, if a Member State has not communicated its approximated inventories by that date, on the basis of its own estimates, annually compile a Union approximated greenhouse gas inventory. The Commission shall make that information available to the public by 30 September every year. 48 Explanatory note: corresponds to Articles 7 and 8 MMR. 7204/1/17 REV 1 AT/st 50 DGE 2B EN 2. As of 2023, Member States shall determine and report to the Commission final greenhouse gas inventory data by 15 March each reporting year (X) and preliminary data by 15 January each year including the greenhouse gases and the inventory information listed in Annex III. The report on the final greenhouse gas inventory data shall also include a complete and up-to-date national inventory report. Within three months of receiving the reports, the Commission shall make the information referred to in Annex III, part 1, point (n) available to the Committee referred to in Article 37. 3. Member States shall submit to the UNFCCC Secretariat national inventories containing the information submitted to the Commission on the final greenhouse gas inventory data in accordance with paragraph 2 of this Article by 15 April each year. The Commission shall, in cooperation with the Member States, annually compile a Union greenhouse gas inventory and prepare a Union greenhouse gas inventory report and shall submit them to the UNFCCC Secretariat by 15 April each year. 4. Member States shall report to the Commission the preliminary and the final national inventory data, by 15 January and 15 March respectively in the years 2027 and 2032, prepared for their LULUCF accounts for the purpose of the compliance reports in accordance with Article 12 of Regulation [ ] [LULUCF]. 4bis. By 31 July 2022, Member States shall report to the Commission on the achievement of the 2020 energy efficiency national targets by providing the information set out in Part 2 of Annex VII of this Regulation, and of the 2020 renewable energy national targets by providing the following information: (a) the sectoral (electricity, heating and cooling, and transport) and overall shares of energy from renewable sources in 2020; (b) the measures taken to achieve the 2020 national renewable energy targets, including measures related to support schemes, guarantees of origin and simplification of administrative procedures; 7204/1/17 REV 1 AT/st 51 DGE 2B EN (c) the share of energy from biofuels and bioliquids ***produced*** from cereal and other starch-rich crops, sugars and oil crops in energy consumption in transport; (d) the share of energy from biofuels ***produced*** from feedstocks and of other fuels listed in part A of Annex IX of Directive 2009/28/EC in energy consumption in transport. 5. The Commission is empowered to adopt delegated acts in accordance with Article 36 to: (a) amend Part 2 of Annex III by adding or deleting substances in the list of greenhouse gases; (b) supplement this Regulation by adopting values for global warming potentials and specifying the inventory guidelines applicable in accordance with relevant decisions adopted by the bodies of the UNFCCC or Paris Agreement. 6. The Commission shall adopt implementing acts to set out the structure, technical details, format and processes for the Member States’ submission of approximated greenhouse gas inventories pursuant to paragraph 1, greenhouse gas inventories pursuant to paragraph 2 and accounted greenhouse gas emissions and removals in accordance with Articles 5 and 12 of Regulation [ ] [LULUCF]. When proposing such implementing acts the Commission shall take into account the UNFCCC or Paris Agreement timetables for the monitoring and reporting of that information and the relevant decisions adopted by the bodies of the UNFCCC or Paris Agreement in order to ensure compliance by the Union with its reporting obligations as a Party to the UNFCCC and the Paris Agreement. Those implementing acts shall also specify the timescales for cooperation and coordination between the Commission and the Member States in preparing the Union greenhouse gas inventory report. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). 7204/1/17 REV 1 AT/st 52 DGE 2B EN SECTION 3 REPORTING PLATFORM Article 24 E-reporting platform 1. The Commission shall establish an online reporting platform to facilitate communication between the Commission and Member States and promote cooperation among Member States. 2. Member States shall use the online platform for the purposes of submitting to the Commission the reports referred to in this Chapter once the platform becomes operational. 7204/1/17 REV 1 AT/st 53 DGE 2B EN CHAPTER 5 AGGREGATE ASSESSMENT, MONITORING OF PROGRESS AND POLICY RESPONSE TO ENSURE UNION TARGETS ACHIEVEMENT [ ]–– COMMISSION MONITORING Article 25 Assessment of progress 1. By 31 October 2021 and every second year thereafter, the Commission shall assess, in particular on the basis of the integrated national energy and climate progress reports, of other information reported under this Regulation, of the indicators and of European statistics where available: (a) the progress made at Union level towards meeting the objectives of the Energy Union, including for the first ten-year period the Union's 2030 targets for energy and climate, notably in view of avoiding any gaps to the Union's 2030 targets for renewable energy and energy efficiency; (b) the progress made by each Member State towards meeting its targets, objectives and contributions and implementing the policies and measures set out in its integrated national energy and climate ***plan***; (c) the overall impact of aviation on the global climate including through non-CO2 emissions or effects, based on the emission data provided by Member States pursuant to Article 23, and improve that assessment by reference to scientific advancements and air traffic data, as appropriate. 7204/1/17 REV 1 AT/st 54 DGE 2B EN 2. In the area of renewable energy, as part of its assessment referred to in paragraph 1, the Commission shall assess the progress made in the share of energy from renewable sources in the Union’s gross final consumption on the basis of a [linear] trajectory that starts from 20% in 2020, reaches in 2025 at least [X]% of the total increase in the share of energy from renewable sources between the Union's 2020 renewable energy target and the Union's 2030 renewable energy target, and reaches the Union's 2030 renewable energy target of at least 27% in 2030 [as referred to in Article 4(a)(2)(i)]. 3. In the area of energy efficiency, as part of its assessment referred to in paragraph 1, the Commission shall assess progress towards collectively achieving a maximum energy consumption at Union level of 1 321 Mtoe of primary energy consumption and 987 Mtoe of final energy consumption in 2030 as referred to in Article 6(1)(a). In carrying out its assessment, the Commission shall take the following steps: (a) consider whether the Union's milestone of no more than 1483 Mtoe of primary energy and no more than 1086 Mtoe of final energy in 2020 is achieved; (b) assess whether Member States' progress indicates that the Union as a whole is on track towards the level of energy consumption in 2030 as referred to in the first subparagraph, taking into account the assessment of information provided by Member States in their integrated national energy and climate progress reports; (c) use results from modelling exercises in relation to future trends in energy consumption at Union level and national level and use other complementary analysis. 4. By 31 October 2021 and every year thereafter, the Commission shall assess, in particular on the basis of the information reported pursuant to this Regulation, whether the Union and its Member States have made sufficient progress towards meeting the following points: 49 49 Explanatory note: corresponds to Article 21 MMR. 7204/1/17 REV 1 AT/st 55 DGE 2B EN (a) commitments under Article 4 of the UNFCCC and Article 3 of the Paris Agreement as set out in decisions adopted by the Conference of the Parties to the UNFCCC, or by the Conference of the Parties to the UNFCCC serving as the meeting of the Parties to the Paris Agreement; (b) obligations set out in Article 4 of Regulation [ ] [ESR] and Article 4 of Regulation [ ] [LULUCF]; (c) the objectives set in the integrated national energy and climate ***plan*** in view of achieving the Energy Union objectives and for the first ten-year period in view of fulfilling the 2030 targets for energy and climate. 5. By 31 October 2019 and every four years thereafter, the Commission shall assess the implementation of Directive 2009/31/EC. 6. In its assessment the Commission should take into consideration the latest country-specific recommendations issued in the context of the European Semester. 7. The Commission shall report on its assessment according to this Article as part of the State of the Energy Union report referred to in Article 29. Article 26 Follow-up in case of inconsistencies with overarching Energy Union objectives [and targets under the Effort Sharing Regulation] [ ] Based on the assessment pursuant to Article 25, the Commission shall issue recommendations to a Member State pursuant to Article 28 if policy developments in that Member State show inconsistencies with the overarching objectives of the Energy Union. [2. The Commission may issue opinions on the action ***plans*** submitted by Member States according to Article 8(1) of Regulation [ ] [ESR].] 7204/1/17 REV 1 AT/st 56 DGE 2B EN Article 27 Response to insufficient ambition of integrated national energy and climate ***plans*** and insufficient progress towards the Union's energy and climate targets and objectives 1. If, on the basis of its assessment of the integrated national energy and climate ***plans*** and their updates pursuant to Article 12, the Commission concludes that the targets, objectives and contributions of the national ***plans*** or their updates are insufficient for the collective achievement of the Energy Union objectives and, in particular, for the first ten-years period, for the Union's 2030 targets for renewable energy and energy efficiency, it shall take measures at Union level in order to ensure the collective achievement of those objectives and targets. With regard to renewable energy, such measures shall take into consideration the level of ambition of contributions to the Union's 2030 target by Member States set out in the national ***plans*** and their updates. 2. If, on the basis of its assessment pursuant to Article 25(1)(b), the Commission concludes that insufficient progress is made by a Member State towards meeting the targets, objectives and contributions or implementing the policies and measures set out in its integrated national climate and energy ***plan***, it shall issue recommendations to the Member State concerned pursuant to Article 28. In issuing such recommendations, the Commission shall take into consideration ambitious early efforts by Member States to contribute to the Union's 2030 target for renewable energy. 3. If, on the basis of its aggregate assessment of Member States' integrated national energy and climate progress reports pursuant to Article 25(1)(a), and supported by other information sources, as appropriate, the Commission concludes that the Union is at risk of not meeting the objectives of the Energy Union and, in particular, for the first ten-years period, the targets of the Union's 2030 Framework for Climate and Energy, it may issue recommendations to all Member States pursuant to Article 28 to mitigate such risk. The Commission shall, as appropriate, take measures at Union level in addition to the recommendations in order to ensure, in particular, the achievement of the Union's 2030 targets for renewable energy and energy efficiency. With regard to renewable energy, such measures shall take into consideration ambitious early efforts by Member States to contribute to the Union's 2030 target. 7204/1/17 REV 1 AT/st 57 DGE 2B EN 4. If, in the area of renewable energy, without prejudice to the measures at Union level set out in paragraph 3, the Commission concludes, based on its assessment pursuant to Article 25(1) and (2) in the year 2023, that the linear Union trajectory referred to in Article 25(2) is not collectively met, Member States shall ensure by the year 2024 that any emerging gap is covered by additional measures, such as: (a) adjusting the share of renewable energy in the heating and cooling sector set out in Article 23(1) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (b) adjusting the share of renewable energy in the transport sector set out in Article 25(1) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (c) making a voluntary financial contribution to a financing platform set up at Union level, contributing to renewable energy projects and managed directly or indirectly by the Commission; (d) other measures to increase deployment of renewable energy. Such measures shall take into account the level of ambition of early efforts [] towards the Union's 2030 target for renewable energy by the Member State concerned. [If a Member State does not maintain the baseline share of energy from renewable sources in its gross final consumption of energy set out in Article 3(3) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767] from 2021 onwards, the Member State concerned shall ensure that any gap to the baseline share is covered by making a financial contribution to the financing platform referred to in point (c) of the first subparagraph.] For the purposes of [this subparagraph and] point (c) of the first subparagraph, Member States may use their revenues from annual emission allowances under Directive 2003/87/EC. The Commission is empowered to adopt delegated50 acts in accordance with Article 36 to set out any necessary provisions for the establishment and functioning of the financing platform referred to in point (c). 50 Note: many delegations hold reservations on the use of delegated acts. The Presidency invites delegations to indicate whether this subparagraph can stay (and the financial platform provisions should be elaborated), should be deleted, or 'delegated' should be replaced with 'implementing'. 7204/1/17 REV 1 AT/st 58 DGE 2B EN 5. If, in the area of energy efficiency, without prejudice to other measures at Union level pursuant to paragraph 3, the Commission concludes, based on its assessment pursuant to Article 25(1) and (3), in the year 2023 that progress towards collectively achieving the Union’s energy efficiency target mentioned in the first subparagraph of Article 25(3) is insufficient, it shall take measures by the year 2024 in addition to those set out in Directive 2010/31/EU [version as amended in accordance with proposal COM(2016) 765] and Directive 2012/27/EU [version as amended in accordance with proposal COM(2016) 761] to ensure that the Union's [binding] 2030 energy efficiency targets are met. Such additional measures may in particular improve the energy efficiency of: (a) products, pursuant to Directive 2010/30/EU and Directive 2009/125/EC; (b) buildings, pursuant to Directive 2010/31/EU [version as amended in accordance with COM(2016) 765] and Directive 2012/27/EU [version as amended in accordance with COM(2016) 761]; (c) transport. Article 28 Commission recommendations to Member States 1. The Commission shall as appropriate issue recommendations to Member States to ensure the achievement of the objectives of the Energy Union. 2. Where reference in this Regulation is made to this Article the following principles shall apply: (a) the Member State concerned shall take [] due account of the recommendation in a spirit of solidarity between Member States and the Union and between Member States; (b) the Member State shall set out, in its integrated national energy and climate progress report made in the year following the year the recommendation was issued, how it has taken [] due account of the recommendation and how it has implemented or intends to implement it. It shall provide reasons justifications where it deviates from it; 7204/1/17 REV 1 AT/st 59 DGE 2B EN (c) the recommendations should be complementary to the latest country-specific recommendations issued in the context of the European Semester. Article 29 State of the Energy Union report 1. By 31 October every year, the Commission shall submit to the European Parliament and to the Council a State of the Energy Union report. 2. The State of the Energy Union report shall include, inter alia, the following elements: (a) the assessment carried out pursuant to Article 25; (b) where appropriate, recommendations pursuant to Article 28; (c) functioning of the carbon market referred to in Article 10(5) of Directive 2003/87/EC, including information on the application of Directive 2003/87/EC referred to in Article 21(2) of the same Directive; (d) biennially, a report on Union bioenergy sustainability, containing the information specified in Annex VIII; (e) biennially, a report on voluntary schemes in respect of which the Commission has adopted a decision according to Article 27(4) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], containing the information specified in Annex IX to this Regulation; (f) an overall progress report on the application of [recast of Directive 2009/72/EC as proposed by COM(2016) 864] pursuant to Article 69 of that Directive; (g) an overall progress report on the application of Directive 2009/73/EC pursuant to Article 52 of that Directive; 7204/1/17 REV 1 AT/st 60 DGE 2B EN (h) an overall progress report on energy efficiency obligation schemes as referred to in Articles 7a and 7b of Directive 2012/27/EU [version as amended in accordance with COM(2016) 761]; (i) an overall progress report on Member States' progress in creating a complete and operational energy market; (j) actual fuel quality in the different Member States and geographical coverage of fuels with a maximum sulphur content of 10 mg/kg, aiming to provide an overview of the fuels quality data in the different Member States as reported pursuant to Directive 98/70/EC; (k) other issues of relevance to the implementation of the Energy Union, including public and private support. 7204/1/17 REV 1 AT/st 61 DGE 2B EN CHAPTER 6 NATIONAL AND UNION SYSTEMS ON GREENHOUSE GAS EMISSIONS AND REMOVALS BY SINKS Article 30 National and Union inventory systems 51 1. By 1 January 2021, Member States shall establish, operate and seek to continuously improve national inventory systems to estimate anthropogenic emissions by sources and removals by sinks of greenhouse gases listed in Part 2 of Annex III to this Regulation and to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of their greenhouse gas inventories. 2. Member States shall ensure that their competent inventory authorities have access to the information specified in Annex X to this Regulation, make use of reporting systems established pursuant to Article 20 of Regulation (EU) No 517/2014 to improve the estimate of fluorinated gases in the national greenhouse gas inventories and are able to undertake the annual consistency checks referred to in points (i) and (j) of Part 1 of Annex III to this Regulation. 3. A Union inventory system to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of national inventories with regard to the Union greenhouse gas inventory is hereby established. The Commission shall manage, maintain and seek to continuously improve that system which shall include the setting of a quality assurance and quality control ***programme***, setting quality objectives and drafting an inventory quality assurance and quality control ***plan***, procedures for completing emission estimates to compile the Union inventory pursuant to paragraph 5 of this Article and the reviews referred to in Article 31. 51 Explanatory note: corresponds to Articles 5, 6 and 9 MMR. 7204/1/17 REV 1 AT/st 62 DGE 2B EN 4. The Commission shall perform an initial check of the accuracy of the preliminary greenhouse gas inventory data to be submitted by Member States pursuant to Article 23(2). It shall send the results of that check to Member States within six weeks of the submission deadline. Member States shall respond to any relevant questions raised by the initial check by 15 March, together with the final inventory submission for the year X-2. 5. Where a Member State does not submit the inventory data required to compile the Union inventory by 15 March, the Commission may prepare estimates to complete the data submitted by the Member State, in consultation and close cooperation with the Member State concerned. The Commission shall use, for that purpose, the guidelines applicable for preparing the national greenhouse gas inventories. 6. The Commission shall [ ] adopt [ ] implementing acts [ ] in order to set out rules on the content, structure, format and submission process of the information relating to national inventory systems and requirements on the establishment, operation and functioning of national [ ] inventory systems. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). In the preparation of such acts, the Commission shall take into account any relevant decisions adopted by the bodies of the UNFCCC or of the Paris Agreement. 6bis. The Commission shall adopt delegated acts in accordance with Article 36 in order to supplement this Regulation by setting out rules concerning the requirements on the establishment, operation and functioning of the Union inventory system. In the preparation of such acts, the Commission shall take into account any relevant decisions adopted by the bodies of the UNFCCC or of the Paris Agreement. 7204/1/17 REV 1 AT/st 63 DGE 2B EN Article 31 Inventory review 52 1. In 2027 and 2032, the Commission shall carry out a comprehensive review of the national inventory data submitted by Member States pursuant to Article 23(3) of this Regulation with a view to monitoring Member States’ greenhouse gas emission reductions or limitations pursuant to Articles 4, 9 and 10 of Regulation [ ] [ESR] and their reduction of emissions and enhancement of removals by sinks pursuant to Articles 4 and 12 of Regulation [ ] [LULUCF] and any other greenhouse gas emission reduction or limitation targets set out in Union legislation. Member States shall participate fully in that process. 2. The comprehensive review referred to in paragraph 1 shall include: (a) checks to verify the transparency, accuracy, consistency, comparability and completeness of information submitted; (b) checks to identify cases where inventory data is prepared in a manner which is inconsistent with UNFCCC guidance documentation or Union rules; (c) checks to identify cases where LULUCF accounting is carried out in a manner which is inconsistent with UNFCCC guidance documentation or Union rules, and (d) where appropriate, calculating the resulting technical corrections necessary, in consultation with the Member States. 3. The Commission shall adopt implementing acts to determine the timing and the procedure for carrying out the comprehensive review including the tasks set out in paragraph 2 of this Article and ensuring due consultation of the Member States with regard to the conclusions of the reviews. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). 52 Explanatory note: corresponds to Article 19 MMR. 7204/1/17 REV 1 AT/st 64 DGE 2B EN 4. The Commission shall, by means of an implementing act, determine the total sum of emissions for the relevant years arising from the corrected inventory data for each Member State upon completion of the review split between emissions data relevant for Article 9 of Regulation [ ] [ESR] and emission data referred to in Annex III part 1 (c) to this Regulation and also determine the total sum of emissions and removals relevant for Article 4 of Regulation [ ] [LULUCF]. 5. The data for each Member State as recorded in the registries set up pursuant to Article 13 of Regulation [ ] [LULUCF] one month following the date of publication of an implementing act adopted pursuant to paragraph 4 of this Article, shall be used for the compliance check with Article 4 of Regulation [ ] [LULUCF] including changes to such data arising as a result of that Member State making use of the flexibilities pursuant to Article 11 of Regulation [ ] [ LULUCF].53 6. The data for each Member State as recorded in the registries set up pursuant to Article 11 of Regulation [ ] [ESR] one month following the compliance check date with Regulation [ ] [LULUCF] referred to in paragraph 5 of this Article, shall be used for the compliance check pursuant to Article 9 of Regulation [ ] [ESR] for the years 2021 and 2026. The compliance check pursuant to Article 9 of Regulation [ ] [ESR] for each of the years 2022 to 2025 and 2027 to 2030 shall be performed at a date falling one month following the date of the compliance check for the previous year. This check shall include changes to such data arising as a result of that Member State making use of the flexibilities pursuant to Articles 5, 6 and 7 of Regulation [ ] [ESR].54 53 In order to ensure coherence, the content of this Article will be aligned with the LULUCF Regulation following an agreement thereon. 54 In order to ensure coherence, the content of this Article will be aligned with the ESR Regulation following an agreement thereon. 7204/1/17 REV 1 AT/st 65 DGE 2B EN Article 32 National and Union systems for policies and measures and projections 55 1. By 1 January 2021, Member States and the Commission shall operate and seek to continuously improve national and Union systems respectively, for reporting on policies and measures and for reporting on projections of anthropogenic greenhouse gas emissions by sources and removals by sinks. Those systems shall include the relevant institutional, legal and procedural arrangements established within a Member State and the Union for evaluating policy and making projections of anthropogenic greenhouse gas emissions by sources and removals by sinks. 2. Member States and the Commission respectively shall aim to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of the information reported on policies and measures and projections of anthropogenic greenhouse gas emissions by sources and removals by sinks, as referred to in Article 16, including the use and application of data, methods and models, and the implementation of quality assurance and quality control activities and sensitivity analysis. 3. The Commission shall adopt implementing acts to set out the structure, format and submission process of information on national and Union systems for policies and measures and projections pursuant to paragraphs 1 and 2 of this Article and Article 16. When proposing such acts, the Commission shall take into account the relevant decisions adopted by the bodies of the UNFCCC or the Paris Agreement, including internationally agreed reporting requirements as well as timetables for monitoring and reporting of that information. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3). 55 Explanatory note: corresponds to Article 12 MMR. 7204/1/17 REV 1 AT/st 66 DGE 2B EN Article 33 56 Establishment and operation of registries 1. The [ ] Member States and the Union shall set up and maintain registries to accurately account for nationally determined contributions pursuant to Article 4(13) of the Paris Agreement and for internationally transferred mitigation outcomes pursuant to Article 6 of that agreement. 2. The Union and the Member States may maintain their registries in a consolidated system, together with one or more other Member States. 3. The data in the registries referred to in paragraph 1 of this Article shall be made available to the central administrator designated pursuant to Article 20 of Directive 2003/87/EC. 4. The Commission [ ] shall adopt delegated acts in accordance with Article 36 in order to set up the registries referred to in paragraph 1 of this Article and in order to give effect, by means of the registries of the Union and of the Member States, to the necessary technical implementation of relevant decisions of the UNFCCC or Paris Agreement bodies, in accordance with paragraph 1 of this Article. 56 Explanatory note: corresponds to Article 10 MMR. 7204/1/17 REV 1 AT/st 67 DGE 2B EN CHAPTER 7 COOPERATION AND SUPPORT Article 34 Cooperation between the Member States and the Union 57 1. The Member States shall cooperate and coordinate fully with each other and with the Union in relation to obligations under this Regulation, in particular concerning: (a) the process for preparing, adopting, notifying and assessing the integrated national energy and climate ***plans*** pursuant to Articles 9 to 12; (b) the process for preparing, adopting, notifying and assessing the integrated national energy and climate progress report pursuant to Article 15 and annual reporting pursuant to Article 23; (c) the process related to the Commission recommendations and addressing those recommendations pursuant to Article 9(2) and (3), Article 15(5), Article 26(1) and Article 27(2) and (3); (d) compiling the Union greenhouse gas inventory and preparing the Union greenhouse gas inventory report, pursuant to Article 23(3); (e) preparing the Union national communication pursuant to Article 12 of the UNFCCC and the Union biennial report pursuant to Decision 2/CP.17 or subsequent relevant decisions adopted by the bodies of the UNFCCC; (f) review and compliance procedures under the UNFCCC and the Paris Agreement in accordance with any applicable decision under the UNFCCC as well as the Union’s procedure to review Member States greenhouse gas inventories referred to in Article 31; 57 Explanatory note: corresponds to Article 23 MMR. 7204/1/17 REV 1 AT/st 68 DGE 2B EN (g) any adjustments following the review process referred to in Article 31 or other changes to inventories and inventory reports submitted, or to be submitted, to the UNFCCC Secretariat; (h) compiling the Union approximated greenhouse gas inventory, pursuant to Article 23(1)(a) and the last subparagraph of Article 23(1). 2. The Commission may provide technical support to the Member States in relation to obligations under this Regulation upon request from a Member State. Article 35 Role of the European Environment Agency 58 The European Environment Agency shall assist the Commission in its work as regards the decarbonisation and energy efficiency dimensions to comply with Articles 14, 15, 16, 17, 18, 19, 23, 24, 25, 29, 30, 31, 32 and 34 in accordance with its annual work ***programme***. That shall include assistance, as required, with: (a) compiling the information reported by Member States on policies and measures and projections; (b) performing quality assurance and quality control procedures on the information reported by Member States on projections and policies and measures; (c) preparing estimates or complementing the ones available to the European Commission for data on projections not reported by the Member States; (d) compiling data, wherever available taken from European statistics and appropriate in terms of timing, as required for the State of the Energy Union report to the European Parliament and the Council prepared by the Commission; 58 Explanatory note: corresponds to Article 24 MMR. 7204/1/17 REV 1 AT/st 69 DGE 2B EN (e) disseminating information collected under this Regulation, including maintaining and updating a database on Member States’ mitigation policies and measures and the European Climate Adaptation Platform relating to impacts, vulnerabilities and adaptation to climate change; (f) performing quality assurance and quality control procedures in the preparation of the Union greenhouse gas inventory; (g) compiling the Union greenhouse gas inventory and preparing the Union greenhouse gas inventory report; (h) preparing estimates for data not reported in the national greenhouse gas inventories; (i) conducting the review referred to in Article 31; (j) compiling the Union approximated greenhouse gas inventory. 7204/1/17 REV 1 AT/st 70 DGE 2B EN CHAPTER 8 DELEGATION Article 36 Exercise of the delegation 1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article. 2. The power to adopt delegated acts referred to in Articles 3(4), 23(5), 27(4), 30(6) and 33(4) shall be conferred on the Commission for a period of five years from [the date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period. 3. The delegation of power referred to in Articles 3(4), 23(5), 27(4), 30(6) and 33(4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force. 4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. 5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council. 7204/1/17 REV 1 AT/st 71 DGE 2B EN 6. A delegated act adopted pursuant to Articles 3(4), 23(5), 27(4), 30(6) and 33(4) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council. 7204/1/17 REV 1 AT/st 72 DGE 2B EN CHAPTER 9 FINAL PROVISIONS Article 37 Energy Union and Climate Change Committees 59 1. The Commission shall be assisted by [ ] the Energy Union Committee and the Climate Change Committee. These committees shall be [ ] committees within the meaning of Regulation (EU) No 182/2011 [and work in the respective sectorial formations relevant for this Regulation]. 2. The Climate Change Committee replaces the committee established by Article 8 of Decision 93/389/EEC, Article 9 of Decision 280/2004/EC and Article 26 of Regulation (EU) No 525/2013. References to the committee set up pursuant to those legal acts shall be construed as references to the committee established by this Regulation. 3. Where reference is made to this article, Article 5 of Regulation (EU) No 182/2011 shall apply. Article 38 Review The Commission shall report to the European Parliament and to the Council by 28 February 2026 and every five years thereafter on the operation of this Regulation, its contribution to the Governance of the Energy Union and Climate Action, the progress towards the achievement of the 2030 climate and energy targets and additional Energy Union objectives, and the long-term objectives of the Paris Agreement. In addition the Commission shall report on [ ] the conformity of the ***planning***, reporting and monitoring provisions of this Regulation with other Union legislation or future decisions relating to the UNFCCC and the Paris Agreement. The Commission may make proposals if appropriate. 59 Explanatory note: the proposed Energy Union Committee and its Working Groups play an important role for the integrated governance. They will work in the respective sectorial formations relevant for this Regulation, meaning that e.g when climate issues are discussed the expectation is that Member States send their climate representatives and experts to these meetings, as will the Commission. Analogically, when issues are primarily of an energy dimension, the same is true for the expected participation and representation from Member States and the Commission. The current practice of issue-specific Working Groups discussing different topics is expected to continue under the umbrella of the Energy Union Committee. 7204/1/17 REV 1 AT/st 73 DGE 2B EN Article 39 Amendments to Directive 94/22/EC Directive 94/22/EC is amended as follows: (1) in Article 8, paragraph 2 is deleted; (2) Article 9 is deleted. Article 40 Amendments to Directive 98/70/EC Directive 98/70/EC is amended as follows: (1) in Article 8(4), the second sentence is deleted; (2) in the third subparagraph of Article 7a(1), point (a) is replaced by the following: 'the total volume of each type of fuel or energy supplied; and'; (3) in Article 7a(2), the first sentence is replaced by the following: 'Member States shall require suppliers to reduce as gradually as possible life cycle greenhouse gas emissions per unit of energy from fuel and energy supplied by up to 10 % by 31 December 2020, compared with the fuel baseline standard set out in Annex II to Council Directive (EU) 2015/652.'. Article 41 Amendment to Directive 2009/31/EC In Article 38 of Directive 2009/31/EC, paragraph 1 is deleted. Article 42 Amendments to Regulation (EC) No 663/2009 Regulation (EC) No 663/2009 is amended as follows: 7204/1/17 REV 1 AT/st 74 DGE 2B EN (1) in Article 27, paragraphs 1 and 3 are deleted; (2) Article 28 is deleted. Article 43 Amendment to Regulation (EC) No 715/2009 Article 29 of Regulation (EC) No 715/2009 is deleted. Article 44 Amendments to Directive 2009/73/EC Directive 2009/73/EC is amended as follows: (1) Article 5 is deleted; (2) Article 52 is replaced by the following: 'Article 52 Reporting The Commission shall monitor and review the application of this Directive and submit an overall progress report to the European Parliament and the Council as an annex to the State of the Energy Union Report referred to in Article 29 of Regulation [XX/20XX] [this regulation].'. 7204/1/17 REV 1 AT/st 75 DGE 2B EN Article 45 Amendment to Council Directive 2009/119/EC In Article 6 of Council Directive 2009/119/EC, paragraph 2 is replaced by the following: '2. By 15 March each year, each Member State shall send the Commission a summary copy of the stock register referred to in paragraph 1 showing at least the quantities and nature of the emergency stocks included in the register on the last day of the preceding calendar year.'. Article 46 Amendments to Directive 2010/31/EU Directive 2010/31/EU is amended as follows: (1) In Article 2a of Directive 2010/31/EU [version as amended in accordance with proposal COM(2016) 765], the following paragraph 4 is inserted: '4. The long-term strategy under paragraph 1 shall be submitted to the Commission, as part of the Integrated National Energy and Climate ***Plan***, pursuant to Article 3 of Regulation [XX/20XX] [ this regulation].'; (2) in Article 5(2), second subparagraph, the sentence 'The report may be included in the Energy Efficiency Action ***Plans*** referred to in Article 14(2) of Directive 2006/32/EC' is deleted; (3) in Article 9, paragraph 5 is replaced by the following: 'As part of its State of the Energy Union report referred to in Article 29 of Regulation [XX/20XX] [this regulation], the Commission shall report every two years to the European Parliament and to the Council on the progress of Member States in increasing the number of nearly zero-energy buildings. On the basis of this reported information the Commission shall develop an action ***plan*** and, if necessary, propose recommendations and measures pursuant to Articles 27 and 28 of Regulation [XX/20XX] [this regulation] to increase the number of those buildings and encourage best practices as regards the cost-effective transformation of existing buildings into nearly zero-energy buildings.'; 7204/1/17 REV 1 AT/st 76 DGE 2B EN (4) in Article 10, paragraphs 2 and 3 are deleted. Article 47 Amendments to Directive 2012/27/EU Directive 2012/27/EU is amended as follows: (1) in Article 4, the last paragraph is deleted; (2) in Article 18(1), point (e) is deleted; (3) in Article 24, paragraphs 1, 3, [ ] 4 and 11 are deleted; (3bis) in Article 24, paragraph 2 is deleted;60 (4) Annex XIV is deleted; Article 48 Amendment to Directive 2013/30/EU In Article 25 of Directive 2013/30/EU, paragraph 1 is replaced by the following: '1. Member States shall report annually to the Commission, as part of the annual reporting pursuant to Article 23 of Regulation [XX/20XX] [this regulation], the information specified in Annex IX, point 3.'. Article 49 Amendments to Council Directive (EU) 2015/652 Council Directive (EU) 2015/652 is amended as follows: (1) in Annex I, Part 2, points 2, 3, 4 and 7 are deleted. (2) Annex III is amended as follows: 60 Note: cf. Art. 52 7204/1/17 REV 1 AT/st 77 DGE 2B EN (a) point 1 is replaced by the following: '1. Member States are to report the data listed in point 3. These data must be reported for all fuel and energy placed on the market in each Member State. Where multiple biofuels are blended with fossil fuels, the data for each biofuel must be provided.' (b) in point 3, points (e) and (f) are deleted; (3) Annex IV is amended as follows: (a) the following templates for reporting information for consistency of the reported data are deleted: - Origin — Single Suppliers - Origin — Joint Suppliers - Place of Purchase (b) in the format notes, points 8 and 9 are deleted. Article 50 Repeal Regulation (EU) No 525/2013 shall be repealed with effect as from 1 January 2021, subject to transitional provisions laid down in Article 51. References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex XI. Article 51 Transitional provisions By way of derogation from Article 50 of this Regulation, Articles 7 and 17(1)(a) and (d) of Regulation (EU) No 525/2013 shall continue to apply to the reports containing the data required under those Articles for the years 2018, 2019 and 2020. 7204/1/17 REV 1 AT/st 78 DGE 2B EN Article 19 of Regulation (EU) No 525/2013 shall continue to apply to the reviews of the GHG inventory data for the years 2018, 2019 and 2020. Article 22 of Regulation (EU) No 525/2013 shall continue to apply to the submission of the report required under that Article. Article 52 Entry into force This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. Articles 33, 46(2) to (4) and 47(3) and (4) shall apply from 1 January 2021. 61 This Regulation shall be binding in its entirety and directly applicable in all Member States. Done at Brussels, For the European Parliament For the Council The President The President \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 61 Note: original text reinstated in view of adaptation of Art. 47. 7204/1/17 REV 1 AT/st 79 ANNEX I DGE 2B EN ANNEX I GENERAL FRAMEWORK FOR INTEGRATED NATIONAL ENERGY AND CLIMATE ***PLANS*** Part 1 General framework of the ***plan*** SECTION A: NATIONAL ***PLAN*** 1. OVERVIEW AND PROCESS FOR ESTABLISHING THE ***PLAN*** 1.1 Executive Summary i. Political, economic, environmental, and social context of the ***plan*** ii. Overarching strategy covering the five dimensions of the Energy Union iii. Overview table with key objectives, policies and measures of the ***plan*** 1.2 Overview of current policy situation i. National and EU energy system and policy context of the national ***plan*** ii. Current energy and climate policies and measures across the five dimensions of the Energy Union iii. Key issues of cross-border relevance iv. Administrative structure of implementing national energy and climate policies 1.3 Consultations and involvement of national and EU entities and their outcome i. Involvement of the Parliament ii. Involvement of local and regional authorities iii. Consultations with stakeholders, including social partners, and engagement of civil society iv. Consultations with other Member States v. Iterative process with the European Commission 1.4 Regional cooperation in preparing the ***plan*** i. Elements subject to joint or coordinated ***planning*** with other Member States ii. Explanation of how regional cooperation is considered in the ***plan*** 7204/1/17 REV 1 AT/st 80 ANNEX I DGE 2B EN 2. NATIONAL OBJECTIVES AND TARGETS 2.1 Dimension Decarbonisation 2.1.1 GHG emissions and removals (for the ***plan*** covering the period from 2021 to 2030, the 2030 Framework target of at least 40% domestic reduction in economy-wide greenhouse gas emissions as compared to 1990) 62 i. The Member State's binding national 2030 target for greenhouse gas emissions in the non-ETS-sectors, the annual binding national limits63 and the commitments under the LULUCF Regulation64 ii. If applicable, other national objectives and targets consistent with existing long-term low emission strategies. If applicable, other objectives and targets, including sector targets and adaptation goals 2.1.2 Renewable energy (2030 Framework target) i. The Member State's ***planned*** share of energy from renewable sources in gross final consumption of energy in 2030 as its national contribution to achieve the binding EU-level target of at least 27% in 2030 ii. A linear trajectory for the overall share of renewable energy in gross final energy consumption from 2021 to 2030 iii. Estimated trajectories [] for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the electricity, heating and cooling, and transport sectors iv. If applicable, assessed contributions [] by renewable energy technology that the Member State projects to use to achieve the overall and sectorial trajectories for renewable energy from 2021 to 2030 including expected total gross final energy consumption per technology and sector in Mtoe and total ***planned*** installed capacity (divided by new capacity and repowering) per technology and sector in MW v. If applicable, trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply, by feedstocks and origin (distinguishing between domestic production and imports). For forest biomass, an assessment of its source and impact on the LULUCF sink vi. If applicable, other national trajectories and objectives, including long-term or sectorial ones (e.g share of advanced biofuels, share of renewable energy in district heating, renewable energy use in buildings, renewable energy ***produced*** by cities, energy communities and self-consumers) 62 Consistency to be ensured with long-term low emission strategies pursuant to Article 14. 63 For the ***plan*** covering the period from 2021 to 2030: Member State's binding national 2030 target for greenhouse gas emissions in the non-ETS sectors and the annual binding limits as set under Regulation [ ] [ESR]. 64 Regulation [ ] [LULUCF]. 7204/1/17 REV 1 AT/st 81 ANNEX I DGE 2B EN 2.2 Dimension Energy efficiency (2030 Framework target) i. The indicative national energy efficiency contribution to achieving the Union's [binding/indicative] energy efficiency target of [30%] in 2030 as referred to in Article 1(1) and Article 3(4) of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761], based on either primary or final energy consumption, primary or final energy savings, or energy intensity; expressed in terms of absolute level of primary energy consumption and/or final energy consumption in 2020 and 2030, with a linear trajectory for that contribution from 2021 onwards; including the underlying methodology and the conversion factors used ii. Cumulative amount of energy savings to be achieved over the period 2021-2030 under Article 7 on energy saving obligations of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761], iii. Objectives of [] the long-term strategy for the renovation of the national stock of residential and [] non-residential buildings, [] both public and private [] iv. The total floor area to be renovated or equivalent annual energy savings to be achieved from 2021 to 2030 under Article 5 on the exemplary role of public bodies' buildings of Directive 2012/27/EU, v. If applicable, other national objectives, including long-term targets or strategies and sectorial targets. National objectives in areas such as energy efficiency in the transport sector and with regard to heating and cooling 2.3 Dimension Energy security i. National objectives with regard to increasing the diversification of energy sources and supply from third countries, storage and demand response ii. If applicable, national objectives with regard to reducing energy import dependency from third countries iii. National objectives with regard to readiness to cope with constrained or interrupted supply of an energy source (including gas and electricity) and, where appropriate, a timeframe for when the objectives shall be met65 iv. National objectives with regard to deployment of domestic energy sources (notably renewable energy) 65 Consistency shall be ensured with the preventive action and emergency ***plans*** under Regulation [as proposed by COM(2016) 52] concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010, as well as the risk preparedness ***plans*** under Regulation [as proposed by COM(2016) 862] on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC. 7204/1/17 REV 1 AT/st 82 ANNEX I DGE 2B EN 2.4 Dimension Internal energy market 2.4.1 Electricity interconnectivity (2030 Framework target) i. 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National objectives to protect energy consumers and improve the competitiveness of the retail energy sector 2.4.4 Energy poverty If applicable, national objectives with regard to energy poverty including a timeframe for when the objectives shall be met 2.5 Dimension Research, innovation and competitiveness i. If applicable, national objectives and funding targets for public and private research and innovation relating to the Energy Union including, if appropriate, a timeframe for when the objectives shall be met; reflecting the priorities of the Energy Union Strategy and the SET-***Plan*** ii. If appropriate, national objectives including long-term targets (2050) for the deployment of low-carbon technologies, including for decarbonising energy- and carbon-intensive industrial sectors and, if applicable, for related carbon transport and storage infrastructure iii. If applicable, national objectives with regard to competitiveness 66 In accordance with Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009 (OJ L 115, 25.4.2013, p. 39). 7204/1/17 REV 1 AT/st 83 ANNEX I DGE 2B EN 3. POLICIES AND MEASURES 3.1 Dimension Decarbonisation 3.1.1 GHG emissions and removals (for the ***plan*** covering the period from 2021 to 2030, the 2030 Framework target) i. Policies and measures to achieve the target set under Regulation [ ] [ESR] as referred to in 2.1.1 and policies and measures to comply with Regulation [ ] [LULUCF ], covering all key emitting sectors and sectors for the enhancement of removals, with an outlook to the long-term vision and goal to become a low-carbon economy with a 50 years perspective and achieving a balance between emissions and removals in accordance with the Paris Agreement ii. Regional cooperation in this area iii. If applicable, without prejudice to the applicability of State aid rules, financing measures, including EU support and the use of EU funds, in this area at national level 3.1.2 Renewable energy (2030 Framework target) i. Policies and measures to achieve the national contribution to the binding EU-level 2030 target for renewable energy and trajectories as presented in 2.1.2 including sector- and technology-specific measures67 ii. 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Specific measures on the promotion of the use of energy from biomass, especially for new biomass mobilisation taking into account: - biomass availability: both domestic potential and imports from third countries - other biomass uses by other sectors (***agriculture*** and forest-based sectors); as well as measures for the sustainability of biomass production and use 3.1.3 Other elements of the dimension i. If applicable, national policies and measures affecting the EU ETS sector and assessment of the complementarity and impacts on the EU ETS 67 When ***planning*** these measures, Member States shall take into account the end of life of existing installations and the potential for repowering. 7204/1/17 REV 1 AT/st 84 ANNEX I DGE 2B EN ii. Strategies, ***plans*** and measures on adaptation to climate change iii. Policies and measures to achieve other national targets, if applicable iv. Policies and measures to achieve low-emission mobility (including electrification of transport) 3.2 Dimension Energy efficiency (2030 Framework target) ***Planned*** policies, measures and ***programmes*** to achieve the indicative national energy efficiency target for 2030 as well as other objectives presented in 2.2, including ***planned*** measures and instruments (also of financial nature) to promote the energy performance of buildings, in particular as regards the following: i. Energy efficiency obligation schemes and alternative measures under Article 7a and 7b of Directive 2012/27/EU, [version as amended in accordance with proposal COM(2016)761] and [(to be prepared in accordance with Annex II)] ii. Long-term strategy for the renovation of the national stock of residential and [] non-residential buildings, []both public and private[] 68 including policies and measures to stimulate cost-effective deep [] renovations of buildings, including staged deep renovations iii. Description of policy and measures to promote energy services in the public sector and measures to remove regulatory and non-regulatory barriers that impede the uptake of energy performance contracting and other energy efficiency service models69 iv. Other ***planned*** policies, measures and ***programmes*** to achieve the indicative national energy efficiency target for 2030 as well as other objectives presented in 2.2 (for example measures to promote the exemplary role of public buildings and energy-efficient public procurement, measures to promote energy audits and energy management systems70, consumer information and training measures71, and other measures to promote energy efficiency72) v. Description of measures to utilise energy efficiency potentials of gas and electricity infrastructure73 vi. Regional cooperation in this area, if applicable vii. Financing measures, including EU support and the use of EU funds, in the area at national level 68 In accordance with Article 2a of Directive 2010/31/EU [version as amended in accordance with proposal COM(2016)765]. 69 In accordance with Article 18 of Directive 2012/27/EU. 70 In accordance with Article 8 of Directive 2012/27/EU. 71 In accordance with Articles 12 and 17 of Directive 2012/27/EU 72 In accordance with Article 19 of Directive 2012/27/EU. 73 In accordance with Article 15(2) of Directive 2012/27/EU. 7204/1/17 REV 1 AT/st 85 ANNEX I DGE 2B EN 3.3 Dimension Energy security74 i. Policies and measures to achieve the objectives set out in 2.375 ii. Regional cooperation in this area iii. If applicable, financing measures in this area at national level, including EU support and the use of EU funds, 3.4 Dimension Internal energy market76 3.4.1 Electricity infrastructure i. Policies and measures to achieve the targeted level of interconnectivity presented in 2.4.1 ii. 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Projections of development with existing policies and measures at least until 2040 (including for the year 2030) 81 See Part 2 for a detailed list of parameters and variables to be reported in Section B of the ***Plan***. 82 Current situation shall reflect the date of submission of the national ***plan*** (or latest available date). Existing policies and measures encompass implemented and adopted policies and measures. Adopted policies and measures are those for which an official government decision has been made by the date of submission of the national ***plan*** and there is a clear commitment to proceed with implementation. Implemented policies and measures are those for which one or more of the following applies at the date of submission of the national ***plan*** or progress report: directly applicable European legislation or national legislation is in force, one or more voluntary agreements have been established, financial resources have been allocated, human resources have been mobilised. 83 The selection of exogenous factors may be based on the assumptions made in the EU Reference Scenario 2016 or other subsequent policy scenarios for the same variables. Besides, Member States specific results of the EU Reference Scenario 2016 as well as results of subsequent policy scenarios may also be a useful source of information when developing national projections with existing policies and measures and impact assessments. 7204/1/17 REV 1 AT/st 88 ANNEX I DGE 2B EN 4.3 Dimension Energy efficiency i. 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Impacts on energy prices, utilities and energy market integration iii. Impacts on regional cooperation 90 ***Planned*** policies and measures are options under discussion and having a realistic chance of being adopted and implemented after the date of submission of the national ***plan***. The resulting projections under section 5.1.i shall therefore include not only implemented and adopted policies and measures (projections with existing policies and measures), but also ***planned*** policies and measures. 91 Directive [as proposed by COM/2013/0920] on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC. 7204/1/17 REV 1 AT/st 90 ANNEX I DGE 2B EN Part 2 List of parameters and variables to be reported in Section B of National Plans92 93 94 95 The following parameters, variables, energy balances and indicators are to be reported in Section B ' Analytical Basis' of the National ***Plans***: 1. General parameters and variables (1) Population [million] (2) GDP [euro million] (3) Sectorial gross value added (including main industrial, construction, services, and ***agriculture*** sectors) [euro million] (4) Number of households [thousands] (5) Household size [inhabitants/households] (6) Disposable income of households [euro] 92 For the ***plan*** covering the period from 2021 to 2030: for each parameter/variable in the list, trends over the years 2005-2040 (2005-2050 where appropriate) including for the year 2030 in five year intervals shall be reported both in section 4 and 5. Parameter based on exogenous assumptions vs. modelling output shall be indicated. 93 As far as possible, reported data and projections shall build on and be consistent with EUROSTAT data and methodology used for reporting European statistics in respective sectorial legislations, as European statistics are the primary source of statistical data used for reporting and monitoring, in accordance with Regulation (EC) No 223/2009 on European statistics. 94 Note: all projections are to be performed on the basis of constant prices (2016 prices used as base year) 95 The Commission will provide recommendations for key parameters for projections, at least covering oil, gas, and coal import prices as well as EU ETS carbon prices. 7204/1/17 REV 1 AT/st 91 ANNEX I DGE 2B EN (7) Number of passenger-kilometres: all modes, i.e split between road (cars and buses separated if possible), rail, aviation and domestic navigation (when relevant) [million pkm] (8) Freight transport tonnes-kilometres: all modes excluding international maritime, i.e split between road, rail, aviation, domestic navigation (inland waterways and national maritime) [million tkm] (9) International oil, gas and coal fuel import prices [euro/GJ or euro/toe] – aligned with Commission's recommendations (10) EU-ETS carbon price [euro/EUA] - aligned with Commission's recommendations (11) Exchange rates to euro and to US Dollar (if applicable) assumptions [euro/ currency and USD/currency] (12) Number of Heating Degree Days (HDD) (13) Number of Cooling Degree Days (CDD) (14) Technology cost assumptions used in modelling for main relevant technologies 2. Energy balances and indicators 2.1 Energy supply (1) Indigenous Production by fuel type (all energy products: coal, crude oil, natural gas, nuclear energy, renewable energy sources) [ktoe] (2) Net imports by fuel type (including electricity and split into intra- and extra EU net imports) [ktoe] (3) Import dependency from third countries [%] 7204/1/17 REV 1 AT/st 92 ANNEX I DGE 2B EN (4) Main import sources (countries) for main energy carriers (including gas and electricity) (5) Gross Inland Consumption by fuel type source (including solids, all energy products: coal, crude oil and petroleum products, natural gas, nuclear energy, electricity, derived heat, renewables, waste) [ktoe] 2.2 Electricity and heat (1) Gross electricity generation [GWh] (2) Gross electricity generation by fuel (all energy products) [GWh] (3) Share of combined heat and power generation in total electricity and heat generation [%] (4) Capacity electricity generation by source including retirements and new investments [MW] (5) Heat generation from thermal power generation (6) Heat generation from combined heat and power plants, including industrial waste heat (7) Cross-border interconnection capacities for gas and electricity [Definition for electricity in line with outcome of ongoing discussions on basis for 15% interconnection target] and their projected usage rates 2.3 Transformation sector (1) Fuel inputs to thermal power generation (including solids, oil, gas) [ktoe] (2) Fuel inputs to other conversion processes [ktoe] 2.4 Energy consumption (1) Primary and final energy consumption [ktoe] (2) Final energy consumption by sector (including industry, residential, tertiary, ***agriculture*** and transport (including split between passenger and freight transport, when available)) [ktoe] (3) Final energy consumption by fuel (all energy products) [ktoe] 7204/1/17 REV 1 AT/st 93 ANNEX I DGE 2B EN (4) Final non-energy consumption [ktoe] (5) Primary energy intensity of the overall economy (primary energy consumption per GDP [toe/euro] (6) Final energy intensity by sector (including industry, residential, tertiary and transport (including split between passenger and freight transport, when available)) 2.5 Prices (1) Electricity prices by type of using sector (residential, industry, tertiary) (2) National retail fuel prices (including taxes, per source and sector) [euro/ktoe] 2.6 Investments Energy-related investment costs compared to GDP (and compared to gross value added for the industry sector) 2.7 Renewables (1) Gross final consumption of energy from renewable sources and share of renewable energy in gross final energy consumption and by sector (electricity, heating and cooling, transport) and by technology (2) Electricity and heat generation from renewable energy in buildings (as defined in Article 2(1) of Directive 2010/31/EU); this shall include disaggregated data on energy ***produced***, consumed and injected into the grid by solar photovoltaic systems, solar thermal systems, biomass, heat pumps, geothermal systems, as well as all other decentralized renewables systems) (3) If applicable, other national trajectories, including long-term or sectorial ones (the share of food-based and advanced biofuels, the share of renewable energy in district heating, as well as the renewable energy ***produced*** by cities and energy communities as defined by Article 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]) 7204/1/17 REV 1 AT/st 94 ANNEX I DGE 2B EN 3. GHG emissions and removals related indicators (1) GHG emissions by policy sector (EU ETS, Effort Sharing Regulation and LULUCF) (2) GHG emissions by IPCC sector and by gas (where relevant split into EU ETS and Effort Sharing sectors) [tCO2eq] (3) Carbon intensity of the overall economy [tCO2eq/GDP] (4) CO2 emission related indicators (a) GHG intensity of power and heat generation [Carbon intensity of electricity and steam production] [tCO2eq/MWh] (b) GHG intensity of final energy consumption by sector [Carbon intensity of final energy demand by sector (including industry, residential, tertiary, passenger transport, freight transport)] [tCO2eq/toe] (5) Non-CO2 emission related parameters (a) Livestock: dairy cattle [1000 heads], non-dairy cattle [1000 heads], sheep [1000 heads], pig [1000 heads], poultry [1000 heads] (b) Nitrogen input from application of synthetic fertilizers [kt nitrogen] (c) Nitrogen input from application of manure [kt nitrogen] (d) Nitrogen fixed by N-fixing crops [kt nitrogen] (e) Nitrogen in crop residues returned to soils [kt nitrogen] (f) Area of cultivated organic soils [hectares] (g) Municipal solid waste (MSW) generation (h) Municipal solid waste (MSW) going to landfills (i) Share of CH4 recovery in total CH4 generation from landfills [%] 7204/1/17 REV 1 AT/st 95 ANNEX II DGE 2B EN ANNEX II NOTIFICATION OF MEMBER STATES' MEASURES AND METHODOLOGIES TO IMPLEMENT ARTICLE 7 OF DIRECTIVE 2012/27/EU [VERSION AS AMENDED IN ACCORDANCE WITH PROPOSAL COM(2016)761] Member States shall notify to the Commission their proposed detailed methodology pursuant to Annex V(5) to Directive 2012/27/EU for the operation of the energy efficiency obligation schemes and alternative measures referred to in Articles 7a and 7b and Article 20(6) of that Directive. 1. Calculation of the level of the energy savings requirement to be achieved over the whole period from 1 January 2021 to 31 December 2030, showing how the following elements are taken into account: (a) annual energy sales, by, volume to final customers of all energy distributors or all retail energy companies averaged over the three years (2016, 2017, 2018) prior 1 January 2019 [in ktoe]; (b) volume of sales of energy used in transport excluded from the calculation [in ktoe]; (c) quantity of energy generated for own use excluded from the calculation [in ktoe]; (d) sources used in the calculation of energy sales data including justification for the use of alternative statistical sources and any differences of the resulting quantities (if other sources than Eurostat are used); (e) cumulative amount of energy savings to be achieved over the whole period from 1 January 2021 to 31 December 2030 (before the exemptions under paragraph 2) [in ktoe]; (f) application of exemptions (b), (c), [ ] (d) [], (e) and (f) referred to Article 7(2) and (3) of Directive 2012/27/EU: (i) volume of sales of energy used in industrial activities [in ktoe] listed in Annex I to Directive 2003/87/EC excluded from the calculation in line with point (b), 7204/1/17 REV 1 AT/st 96 ANNEX II DGE 2B EN (ii) amount of energy savings [in ktoe] achieved in the energy transformation, distribution and transmission sectors in line with point (c), (iii) amount of energy savings [in ktoe] resulting from individual actions newly implemented since 31 December 2008 that continue to have an impact in 2020 and beyond and in line with point (d), [] (iv) amount of energy savings [in ktoe] from the individual actions undertaken after 1 January 2018 and before 31 December 2020 which deliver savings after 31 December 2020, inlcuding the lifetimes assumed for each category of measure in line with point (e), (v) amount of energy generated on or in buildings for own use as a result of policy measures promoting new installation of renewable energy technologies, in line with point (f) [in ktoe];] (g) total cumulative amount of energy savings (after the exemptions under paragraph 2 applied) [in ktoe]; (h) amount of savings that exceeds the required total cumulative amount of savings for the period from 1 January 2014 to 31 December 2020 [in ktoe] if this is to be carried forward to the period from 1 January 2021 to 31 December 2030, in line with Article 7(4a). 2. Policy measures in view of the achievement of the savings requirement referred to in Article 7(1) of Directive 2012/27/EU: 7204/1/17 REV 1 AT/st 97 ANNEX II DGE 2B EN 2.1 Energy efficiency obligation schemes referred to in Article 7a of Directive 2012/27/EU: (a) description of the energy efficiency obligation scheme; (b) expected cumulative and annual amount of savings and duration of the obligation period(s); (c) obligated parties and their responsibilities; (d) target sectors; (e) eligible actions foreseen under the measure; (f) information on the application of provisions under Article 7a (5) of Directive 2012/27/EU: (i) specific actions, share of savings to be achieved in households affected by energy poverty [and in social housing in line with point (a) of Article 7a (5)]; 7204/1/17 REV 1 AT/st 98 ANNEX II DGE 2B EN (ii) savings achieved by energy service providers or other third parties in line with point (b) of Article 7a (5); (iii) banking and borrowing in line with [ ] Article 7 [ ] 4b. (g) Information on trading of energy savings (if relevant). 2.2 Alternative measures referred to in Article 7b and Article 20(6) of Directive 2012/27/EU (except taxation): (a) type of policy measure; (b) brief description of the policy measure including the design features per each policy measure notified; (c) expected total cumulative and annual amount of savings per each measure and/ or amount of energy savings in relation to any intermediate periods; (d) implementing, participating, entrusted parties and their responsibilities for implementing the policy measure(s); (e) target sectors; (f) eligible actions foreseen under the measure; (g) specific policy measures or individual actions targeting energy poverty [in line with point (2) of Article 7b]. 2.3 Information on taxation measures: (a) brief description of taxation measure; (b) duration of taxation measure; (c) expected cumulative and annual amount of savings per measure; (d) target sectors; (e) additionality of energy savings by describing the approach to calculating savings, including price elasticities used in line with annex V(4). 7204/1/17 REV 1 AT/st 99 ANNEX II DGE 2B EN Calculation methodology for measures notified under Articles 7a, 7b and 20(6) of Directive 2012/27/EU(except for taxation measures): (a) measurement methods used referred to in Annex V(1) to Directive 2012/27/EU; (b) method to express the energy savings (primary or final energy savings); (c) lifetimes of individual actions and approach used to take into account the lifetime of savings; (d) brief description of the calculation methodology including how additionality and materiality of savings are ensured; (e) information on how the possible overlaps between the measures and individual actions are addressed to avoid double counting of energy savings; (f) climatic variations and approach used (if relevant). 3. Monitoring and verification (a) brief description of the monitoring and verification system and the process of the verification; (b) implementing public authority and its main responsibilities in charge of monitoring and verification system in relation to the energy efficiency obligation scheme and/ or alternative measures; (c) independence of monitoring and verification from the obligated parties and participating, entrusted parties; (d) statistically significant proportion of energy efficiency improvement measures and proportion and criteria used to define and select a representative sample; (e) reporting obligations for obligated parties (savings achieved by each obligated party, or each sub-category of obligated party, and in total under the scheme). 7204/1/17 REV 1 AT/st 100 ANNEX II DGE 2B EN (f) publication of energy savings achieved (each year) under the energy efficiency obligation scheme and alternative measures; (g) information on penalties applied in case of non-compliance; (h) Information on measures foreseen if progress is not satisfactory. 7204/1/17 REV 1 AT/st 101 ANNEX III DGE 2B EN ANNEX III GHG INVENTORIES INFORMATION Part 1 Information to be included in the reports referred to in Article 23(2): (a) their anthropogenic emissions of greenhouse gases listed in part 2 of this Annex and the anthropogenic emissions of greenhouse gases referred to in Article 2(1) of Regulation [ ] [ESR] for the year X-2; (b) data on their anthropogenic emissions of carbon monoxide (CO), sulphur dioxide (SO2), nitrogen oxides (NOx) and volatile organic compounds, consistent with data already reported pursuant to Article 8 [] of Directive 2016/2284/EU [ ] for the year X-2; (c) their anthropogenic greenhouse gas emissions by sources and removals of CO2 by sinks resulting from LULUCF, for the year X-2, in accordance with the methodologies specified in part 3 of this Annex. This data shall also be relevant for the compliance report under Article 12 of Regulation [ ] [LULUCF]; (d) any changes to the information referred to in points (a) to (c) for the years between the relevant base year or period and the year X-3, indicating the reasons for these changes; (e) information on indicators, as set out in part 4 of this Annex, for the year X-2; (f) summary information on concluded transfers pursuant to Article 5 of Regulation [ ] [ESR] and Article 11 of Regulation [ ] [LULUCF] for the year X-1; (g) information on the steps taken to improve inventory estimates, in particular in areas of the inventory that have been subject to adjustments or recommendations following expert reviews; 7204/1/17 REV 1 AT/st 102 ANNEX III DGE 2B EN (h) the actual or estimated allocation of the verified emissions reported by installation operators under Directive 2003/87/EC to the source categories of the national greenhouse gas inventory and the ratio of those verified emissions to the total reported greenhouse gas emissions in those source categories, for the year X-2; (i) the results of the checks performed on the consistency of the emissions reported in the greenhouse gas inventories, for the year X-2, with the verified emissions reported under Directive 2003/87/EC; (j) the results of the checks performed on the consistency of the data used to estimate emissions in preparation of the greenhouse gas inventories, for the year X-2, with: (i) the data used to prepare inventories of air pollutants under Directive 2016/2284/EU []; (ii) the data reported pursuant to Article 19(1) and Annex VII to Regulation (EU) No 517/2014; (iii) the energy data reported pursuant to Article 4 of, and Annex B to Regulation (EC) No 1099/2008; (k) a description of changes to their national inventory system, if any; (l) a description of changes to the national registry, if any; (m) information on their quality assurance and quality control ***plans***, a general uncertainty assessment, a general assessment of completeness and, any other elements of the national greenhouse gas inventory report needed to prepare the Union greenhouse gas inventory report; (n) information of the Member State's intentions to make use of the flexibilities in Article 5(4) and (5) of Regulation [ ] [ESR]. 7204/1/17 REV 1 AT/st 103 ANNEX III DGE 2B EN A Member State may request derogation from point c to apply a different methodology than specified in Part 3 of this Annex if the methodology improvement required could not be achieved in time for the improvement to be taken into account in the greenhouse gas inventories of the period from 2021 to 2030, or the cost of the methodology improvement would be disproportionately high compared to the benefits of applying such methodology to improve accounting for emissions and removals due to the low significance of the emissions and removals from the carbon pools concerned. Member States wishing to benefit from the derogation shall submit a reasoned request to the Commission by 31 December 2020, indicating the timeline by when the methodology improvement could be implemented and/or the alternative methodology proposed, and an assessment of the potential impacts on the accuracy of accounting. The Commission may request additional information to be submitted within a reasonable time period specified. Where the Commission considers that the request is justified, it shall grant the derogation. If the request is rejected, the Commission shall give reasons for its decision. Part 2 The greenhouse gases to be covered are: Carbon dioxide (CO2) Methane (CH4) Nitrous Oxide (N2O) Sulphur hexafluoride (SF6) Nitrogen trifluoride (NF3) Hydrofluorocarbons (HFCs): — HFC-23 CHF3 — HFC-32 CH2F2 — HFC-41 CH3F — HFC-125 CHF2CF3 — HFC-134 CHF2CHF2 — HFC-134a CH2FCF3 — HFC-143 CH2FCHF2 — HFC-143a CH3CF3 — HFC-152 CH2FCH2F 7204/1/17 REV 1 AT/st 104 ANNEX III DGE 2B EN — HFC-152a CH3CHF2 — HFC-161 CH3CH2F — HFC-227ea CF3CHFCF3 — HFC-236cb CF3CF2CH2F — HFC-236ea CF3CHFCHF2 — HFC-236fa CF3CH2CF3 — HFC-245fa CHF2CH2CF3 — HFC-245ca CH2FCF2CHF2 — HFC-365mfc CH3CF2CH2CF3 — HFC-43-10mee CF3CHFCHFCF2CF3 or (C5H2F10) Perfluorocarbons (PFCs): — PFC-14, Perfluoromethane, CF4 — PFC-116, Perfluoroethane, C2F6 — PFC-218, Perfluoropropane, C3F8 — PFC-318, Perfluorocyclobutane, c-C4F8 — Perfluorocyclopropane c-C3F6 — PFC-3-1-10, Perfluorobutane, C4F10 — PFC-4-1-12, Perfluoropentane, C5F12 — PFC-5-1-14, Perfluorohexane, C6F14 — PFC-9-1-18, C10F18 Part 3 - Methodologies for monitoring and reporting in LULUCF sector Spatially-explicit land-use conversion data for the identification and tracking of land-use categories and conversions between land-use categories. Tier 1 methodology using globally calibrated standard emission factors and parameter values in accordance with the 2006 IPCC guidelines for National Greenhouse Gas Inventories. 7204/1/17 REV 1 AT/st 105 ANNEX III DGE 2B EN For emissions and removals for a carbon pool that accounts for at least 25-30% of emissions or removals in a source or sink category which is prioritised within a Member State's national inventory system because its estimate has a significant influence on a country’s total inventory of greenhouse gases in terms of the absolute level of emissions and removals, the trend in emissions and removals, or the uncertainty in emissions and removals in the land-use categories, at least Tier 2 methodology using nationally determined emission factors and parameter values calibrated to national circumstances in accordance with the 2006 IPCC guidelines for National Greenhouse Gas Inventories. Member States are encouraged to apply Tier 3 methodology using non-parametric modelling calibrated to national circumstances, describing the physical interaction of the bio-physical system, in accordance with the 2006 IPCC guidelines for National Greenhouse Gas Inventories. Part 4 - Inventory indicators Indicator title Indicator TRANSFORMATION B0 Specific CO2 emissions of public and auto-***producer*** power plants, t/TJ CO2 emissions from public and auto-***producer*** thermal power stations, kt divided by all products — output by public and auto-***producer*** thermal power stations, PJ TRANSFORMATION E0 Specific CO2 emissions of auto-***producer*** plants t/TJ CO2 emissions from auto-***producers***, kt divided by All products output by auto-***producer*** thermal power stations, PJ INDUSTRY A1.1 Total CO2 intensity — iron and steel industry, t/million euro Total CO2 emissions from iron and steel, kt divided by gross value added – iron and steel industry INDUSTRY A1.2 Energy-related CO2 intensity — chemical industry, t/million euro Energy-related CO2 emissions chemical industries, kt divided by gross value added – chemical industry INDUSTRY A1.3 Energy-related CO2 intensity — glass, pottery and building materials industry, t/million euro Energy-related CO2 emissions glass, pottery and building materials, kt divided by gross value added – glass, pottery and buildings material industry INDUSTRY A1.4 Energy-related CO2 intensity — food, drink and tobacco industry, t/million euro Energy-related CO2 emissions from food, drink and tobacco industry, kt divided by gross value-added — food, drink and tobacco industry, million euro (EC95) INDUSTRY A1.5 Energy-related CO2 intensity — paper and printing industry, t/million euro Energy-related CO 2 emissions paper and printing, kt - Gross value-added — paper and printing industry, million euro (EC95) HOUSEHOLDS A0 Specific CO2 emissions of households for space heating, t/m2 CO2 emissions of households for space heating divided by surface area of permanently occupied dwellings, million m2 SERVICES B0 Specific CO2 emissions of commercial and institutional sector for space heating, kg/m2 CO 2 emissions from space heating in commercial and institutional, kt divided by Surface area of services buildings, million m2 TRANSPORT B0 Specific diesel related CO2 emissions of passenger cars, g/100 km TRANSPORT B0 Specific petrol related CO2 emissions of passenger cars, g/100 km 7204/1/17 REV 1 AT/st 106 ANNEX IV DGE 2B EN ANNEX IV POLICIES AND MEASURES INFORMATION IN THE AREA OF GREENHOUSE GAS EMISSIONS Information to be included in the reports referred to in Article 16: (a) a description of their national system for reporting on policies and measures, or groups of measures, and for reporting on projections of anthropogenic greenhouse gas emissions by sources and removals by sinks pursuant to Article 32(1) or information on any changes made to that system where such a description has already been provided; (b) updates relevant to their long-term low emission strategies referred to in Article 14 and progress in implementing those strategies; (c) information on national policies and measures, or groups of measures, and on implementation of Union policies and measures, or groups of measures, that limit or reduce greenhouse gas emissions by sources or enhance removals by sinks, presented on a sectoral basis and organised by gas or group of gases (HFCs and PFCs) listed in Part 2 of Annex III. That information shall refer to applicable and relevant national or Union policies and shall include: (i) the objective of the policy or measure and a short description of the policy or measure; (ii) the type of policy instrument; (iii) the status of implementation of the policy or measure or group of measures; (iv) indicators used to monitor and evaluate progress over time; (v) where available, quantitative estimates of the effects on emissions by sources and removals by sinks of greenhouse gases broken down into: 7204/1/17 REV 1 AT/st 107 ANNEX IV DGE 2B EN – the results of ex ante assessments of the effects of individual or groups of policies and measures on the mitigation of climate change. Estimates shall be provided for a sequence of four future years ending with 0 or 5 immediately following the reporting year, with a distinction between greenhouse gas emissions covered by Directive 2003/87/EC, Regulation [ ] [ESR] and Regulation [ ] [LULUCF]; – the results of ex post assessments of the effects of individual or groups of policies and measures on the mitigation of climate change where available, with a distinction between greenhouse gas emissions covered by Directive 2003/87/EC, Regulation [ ] [ESR ] and Regulation [ ] [LULUCF]; (vi) estimates of the projected costs and benefits of policies and measures, as well as estimates of the realised costs and benefits of policies and measures; (vii) all existing references to the assessments of the costs and effects of national policies and measures, to information in the implementation of Union policies and measures that limit or reduce greenhouse gas emissions by sources or enhance removals by sinks and to the underpinning technical reports; (viii) an assessment of the contribution of the policy or measure to the achievement of the long-term low emission strategy referred to in Article 14; (d) information on ***planned*** additional national policies and measures envisaged with a view to limiting greenhouse gas emissions beyond their commitments under Regulation [ ] [ESR] and Regulation [ ] [LULUCF]; (e) information regarding the links between the different policies and measures reported pursuant to point c and the way such policies and measures contribute to different projection scenarios. 7204/1/17 REV 1 AT/st 108 ANNEX V DGE 2B EN ANNEX V Information to be included in the reports referred to in Article 16: (a) projections without measures where available, projections with measures, and where available projections with additional measures; (b) total greenhouse gas projections and separate estimates for the projected greenhouse gas emissions for the emission sources covered by Directive 2003/87/EC and by Regulation [ ] [ESR] and the projected emissions by sources and removals by sinks under the Regulation [ ] [LULUCF]; (c) the impact of policies and measures identified pursuant to Article 16(1)(a). Where such policies and measures are not included, this shall be clearly stated and explained; (d) results of the sensitivity analysis performed for the projections and information on the models and parameters used; (e) all relevant references to the assessment and the technical reports that underpin the projections referred to in Article 16(4). 7204/1/17 REV 1 AT/st 109 ANNEX VI DGE 2B EN ANNEX VI Part 1 Reporting on Adaptation Information to be included in the reports referred to in Article 17(1): (a) the main goals, objectives and institutional framework for adaptation; (b) climate change projections including weather extremes, climate-change impacts, assessment of climate vulnerability and risks and key climate hazards; (c) adaptive capacity; (d) adaptation ***plans*** and strategies; (e) institutional settings including vertical and horizontal governance and coordination, monitoring and evaluation systems; (f) progress made in implementation, including good practices and governance changes. Part 2 Reporting on support to developing countries Information to be included in the reports referred to in Article 17(2)(a): (a) information on financial support committed and provided to developing countries for the year X-1, including: (i) quantitative information on public and mobilised financial resources by the Member State. The information on financial flows is to be based on the so-called ‘Rio markers’ for climate change mitigation-related support and climate change adaptation-related support and other tracking systems introduced by the OECD Development Assistance Committee; 7204/1/17 REV 1 AT/st 110 ANNEX VI DGE 2B EN (ii) qualitative methodological information explaining the method used to calculate the quantitative information, including an explanation of methodology for quantifying their data, and where relevant, also other information on the definitions and methodologies used to determine any figures, notably for information reported on mobilised financial flows; (iii) available information on activities by the Member State related to public-funded technology transfer projects and capacity-building projects for developing countries under the UNFCCC, including whether the technology transferred or capacity-building project was used for mitigating or adapting to the effects of climate change, recipient country, amount of support provided, and type of technology transferred or capacity-building project; (b) available information for the year X and subsequent years on the ***planned*** provision of support, including information on ***planned*** activities related to public-funded technology transfer projects or capacity building projects for developing countries under the UNFCCC and on technologies to be transferred and capacity-building projects, including whether the technology transferred or capacity-building project is intended for mitigating or adapting to the effects of climate change, recipient country, amount of support provided, and type of technology transferred or capacity-building project. Part 3 Reporting on auctioning revenues Information to be included in the reports referred to in Article 17(2)(b): (a) information on the use of revenues during the year X-1 generated by the Member State by auctioning allowances pursuant to Article 10(1) of Directive 2003/87/EC, including information on such revenue that has been used for one or more of the purposes specified in Article 10(3) of that Directive, or the equivalent in financial value of that revenue, and the actions taken pursuant to that Article; 7204/1/17 REV 1 AT/st 111 ANNEX VI DGE 2B EN (b) information on the use, as determined by the Member State, of all revenue generated by the Member State by auctioning aviation allowances pursuant to Article 3d(1) or (2) of Directive 2003/87/EC; that information shall be provided in accordance with Article 3d(4) of that Directive; Auctioning revenue not disbursed at the time a Member State submits a report to the Commission pursuant to Article 17(2)(b) shall be quantified and reported in reports for subsequent years. 7204/1/17 REV 1 AT/st 112 ANNEX VII DGE 2B EN ANNEX VII ADDITIONAL REPORTING OBLIGATIONS Part 1 96 Additional reporting obligations in the area of renewable energy The following additional information shall, unless otherwise stated, be included pursuant to Article 18(c): (a) the functioning of the system of guarantees of origin for electricity, gas and heating and cooling from renewable energy sources, the levels of issuance and cancellation of guarantees of origin and the resulting annual national renewable energy consumption, as well as the measures taken to ensure the reliability and protection against fraud of the system; (b) aggregated information from the national databases referred to in Article 25(4) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767] on biofuels, biogas ***produced*** from feedstock listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767], renewable transport fuels of non-biological origin, waste-based fossil fuels and electricity placed on the market by fuel suppliers, including information on the type of fuels, their energy content and, if applicable, their feedstock base and, if relevant, their greenhouse saving performance; where the national database do not contain actual values, Member States may use typical values or, where appropriate, default values given in part A and part B of Annex V and part A of Annex VI to [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (c) developments in the availability, origin and use of biomass resources for energy purposes; (d) [ changes in commodity prices and land use within the Member State associated with its increased use of biomass and other forms of energy from renewable sources; ] 96 Note: the Presidency underlines that further changes in this Part 1 of Annex VII are likely needed, bearing in mind the continuing need to align with the draft Renewables Directive and the draft EPBD, and the aims of ensuring an appropriate level of reporting burden and of ensuring a proper interlinkage with the Energy Statistics Regulation. 7204/1/17 REV 1 AT/st 113 ANNEX VII DGE 2B EN (e) the estimated excess production of energy from renewable sources which could be transferred to other Member States so that these comply with Article 3, paragraph 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767] and achieve the national contributions and trajectories referred to in Article 4(a)(2)(i); (f) the estimated demand for energy from renewable sources to be satisfied by means other than domestic production until 2030, [ including imported biomass feedstock ]; (g) the development and share of biofuels made from feedstocks listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767] including a resource assessment focusing on the sustainability aspects relating to the effect of the replacement of food and feed products for biofuel production, [ taking due account of the principles of the waste hierarchy established in Directive 2008/98/EC and the biomass cascading principle, taking into consideration the regional and local economic and technological circumstances, the maintenance of the necessary carbon stock in the soil and the quality of the soil and the ecosystems; ] (h) the estimated impact of the production or use of biofuels, bioliquids and biomass fuels on biodiversity, water resources, water availability and quality, soils and air quality within the Member State; (i) [ risks or ] observed cases of fraud in the chain of custody of biofuels, bioliquids and biomass fuels; (j) information on how the share of biodegradable waste in waste used for ***producing*** energy has been estimated, and what steps have been taken to improve and verify such estimates; (k) electricity and heat generation from renewable energy in buildings (as defined in Article 2(1) of Directive 2010/31/EU). This shall include disaggregated data on energy [ ***produced***, consumed and ] injected into the grid by solar photovoltaic systems, solar thermal systems, biomass, heatpumps, geothermal systems, as well as all other decentralized renewables systems; 7204/1/17 REV 1 AT/st 114 ANNEX VII DGE 2B EN (l) if applicable, the share of food-based and advanced biofuels, the share of renewable energy in district heating, as well as the renewable energy ***produced*** by cities and energy communities as defined by Article 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]; (m) [ Primary supply of solid biomass (in 1000 m3, except 1)b)iii) in tons) (1) Forest biomass used for energy production (domestic production, import and export) (a) Primary biomass from forest used directly for energy production i) Branches and tree tops (reporting is voluntary) ii) Stumps (reporting is voluntary) iii) Round wood (split into industrial roundwood and fuelwood) (b) Forest-based industry co-products used directly for energy i) Bark (reporting is voluntary) ii) Chips, sawdust and other wood particles iii) Black liquor and crude tall oil (c) Post-consumer wood used directly for energy production (d) Processed wood-based fuel, ***produced*** from feedstocks not accounted under points 1a), 1b) or 1c): i) Wood charcoal ii) Wood pellets and wood briquettes (2) ***Agricultural*** biomass used for energy production (domestic production, import and export) 7204/1/17 REV 1 AT/st 115 ANNEX VII DGE 2B EN (a) Energy crops for electricity or heat (including short rotation coppice) (b) ***Agricultural*** crop residues for electricity or heat (3) Organic waste biomass for energy production (domestic production, import and export) (a) Organic fraction of industrial waste (b) Organic fraction of municipal waste (c) Waste sludges (n) final energy consumption of solid biomass (amount of solid biomass used for energy production in the following sectors): (1) Energy sector (a) Electricity (b) Combined heat and power (c) Heat (2) Industry sector internal (consumed and autoproduced electricity, CHP and heat) (3) Direct final consumption residential (4) Other ] 7204/1/17 REV 1 AT/st 116 ANNEX VII DGE 2B EN Part 2 Additional reporting obligations in the area of energy efficiency In the area of energy efficiency, the following additional information shall be included pursuant to Article 19(c): (a) major legislative and non-legislative policies, measures, financing measures and ***programmes*** implemented in year X-2 and X-1 (with X as the year when the report is due) to achieve their objectives set under Article 4(b) which promote energy service markets, improve the energy performance of buildings, measures to utilise energy efficiency potentials of gas and electricity infrastructure and heating and cooling, improve information and qualification, other measures to promote energy efficiency; (b) energy savings achieved through Article 7 of Directive 2012/27/EU [version as amended in accordance with proposal COM(2016)761] in years X-3 and X-2; (c) progress in each sector and reasons why energy consumption remained stable or was growing in year X-3 and X-2 in final energy consumption sectors; (d) total building floor area of the buildings with a total useful floor area over 250 m2 owned and occupied by the Member States’ central government that, on 1 January in year X-2 and X-1, which did not meet the energy performance requirements referred to in Article 5(1) of Directive 2012/27/EU; (e) total building floor area of heated and/or cooled buildings owned and occupied by the Member States’ central government that was renovated in year X-3 and X-2 referred to in Article 5(1) of the Directive 2012/27/EU or the amount of energy savings in eligible buildings owned and occupied by their central government as referred to in Article 5(6) of Directive 2012/27/EU; (f) number of energy audits carried out in in year X-3 and X-2. In addition, the total number of large companies in their territory to which Article 8(4) of Directive 2012/27/EU is applicable and the number of energy audits carried out in those enterprises in the year X-3 and X-2; 7204/1/17 REV 1 AT/st 117 ANNEX VII DGE 2B EN (g) applied national primary energy factor for electricity; (h) number and floor area of new and renovated nearly zero-energy buildings in year X-2 and X-1, as defined in Article 9 of the Directive 2010/31/EU; (i) the internet link to the website where the list or the interface of energy services providers referred to in point (c) of Article 18(1) of Directive 2012/27/EU can be accessible. 7204/1/17 REV 1 AT/st 118 ANNEX VIII DGE 2B EN ANNEX VIII UNION BIOENERGY SUSTAINABILITY REPORT The EU bioenergy sustainability report on energy from biomass to be adopted biennially by the Commission together with the State of the Energy Union report pursuant to Article 29(2)(d), shall contain as a minimum the following information: (a) the relative environmental benefits and costs of different biofuels, bioliquids and biomass fuels, the effects of the Union’s import policies thereon, the security of supply implications and the ways of achieving a balanced approach between domestic production and imports (b) the impact of the production and use of biomass on sustainability in the Union and in third countries, including impacts on biodiversity; (c) data and analysis of current and projected sustainable biomass availability and demand, including the impact of increased demand for biomass on biomass using sectors; (d) the technological development, availability and sustainability of biofuels made from feedstocks listed in Annex IX to [recast of Directive 2009/28/EC as proposed by COM(2016) 767], including an assessment of the effect of the replacement of food and feed products for biofuel production, taking due account of the principles of the waste hierarchy established in Directive 2008/98/EC and the biomass cascading principle, taking into consideration the regional and local economic and technological circumstances, the maintenance of the necessary carbon stock in the soil and the quality of soil and ecosystems; (e) information on, and analysis of, the available scientific research results regarding indirect land-use change in relation to all production pathways, accompanied by an assessment of whether the range of uncertainty identified in the analysis underlying the estimations of indirect land-use change emissions can be narrowed and the possible impact of Union policies, such as environment, climate and ***agricultural*** policies, can be factored in; and 7204/1/17 REV 1 AT/st 119 ANNEX VIII DGE 2B EN (f) in respect of both third countries and Member States that are a significant source of biofuels, bioliquids and biomass fuels consumed within the Union, on national measures taken to respect the sustainability criteria and greenhouse gas saving criteria set out in Article 26, paragraphs 2 to 7, of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], for soil, water and air protection. In reporting on greenhouse gas emission savings from the use of biomass, the Commission shall use the amounts reported by Member States in accordance to Annex VII, Part 1 (b), including the provisional mean values of the estimated indirect land-use change emissions and the associated range derived from the sensitivity analysis as set out in Annex VIII to [recast of Directive 2009/28/EC as proposed by COM(2016) 767]. The Commission shall make data on the provisional mean values of the estimated indirect land-use change emissions and the associated range derived from the sensitivity analysis publicly available. In addition, the Commission shall evaluate whether and how the estimate for direct emission savings would change if co-products were accounted for using the substitution approach. 7204/1/17 REV 1 AT/st 120 ANNEX IX DGE 2B EN ANNEX IX VOLUNTARY SCHEMES IN RESPECT OF WHICH THE COMMISSION HAS ADOPTED A DECISION ACCORDING TO ARTICLE 27(4) OF [RECAST OF DIRECTIVE 2009/28/EC AS PROPOSED BY COM(2016) 767] The report on voluntary schemes in respect of which the Commission has adopted a decision according to Article 27(4) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], to be adopted biennially by the Commission together with the State of the Energy Union report pursuant to Article 29(2)(e), shall contain the Commission's assessment of, as a minimum, the following: (a) the independence, modality and frequency of audits, both in relation to what is stated on those aspects in the scheme documentation, at the time the scheme concerned was approved by the Commission, and in relation to industry best practice; (b) the availability of, and experience and transparency in the application of, methods for identifying and dealing with non-compliance, with particular regard to dealing with situations or allegations of serious wrongdoing on the part of members of the scheme; (c) transparency, particularly in relation to the accessibility of the scheme, the availability of translations in the applicable languages of the countries and regions from which raw materials originate, the accessibility of a list of certified operators and relevant certificates, and the accessibility of auditor reports; (d) stakeholder involvement, particularly as regards the consultation of indigenous and local communities prior to decision making during the drafting and reviewing of the scheme as well as during audits and the response to their contributions; (e) the overall robustness of the scheme, particularly in light of rules on the accreditation, qualification and independence of auditors and relevant scheme bodies; (f) market updates of the scheme, the amount of feedstocks and biofuels certified, by country of origin and type, the number of participants; 7204/1/17 REV 1 AT/st 121 ANNEX IX DGE 2B EN (g) the ease and effectiveness of implementing a system that tracks the proofs of conformity with the sustainability criteria that the scheme gives to its member(s), such a system intended to serve as a means of preventing fraudulent activity with a view, in particular, to the detection, treatment and follow-up of suspected fraud and other irregularities and where appropriate, number of cases of fraud or irregularities detected; (h) options for entities to be authorised to recognise and monitor certification bodies; (i) criteria for the recognition or accreditation of certification bodies; (j) rules on how the monitoring of the certification bodies is to be conducted; (k) ways to facilitate or improve the promotion of best practice. 7204/1/17 REV 1 AT/st 122 ANNEX X DGE 2B EN ANNEX X NATIONAL INVENTORY SYSTEMS Information referred to in Article 30 includes the following: (a) data and methods reported for activities and installations under Directive 2003/87/EC for the purpose of preparing national greenhouse gas inventories in order to ensure consistency of the reported greenhouse gas emissions under the Union’s emissions trading scheme and in the national greenhouse gas inventories; (b) data collected through the reporting systems on fluorinated gases in the various sectors, set up pursuant to Article 20 of Regulation (EU) No 517/2014 for the purpose of preparing national greenhouse gas inventories; (c) emissions, underlying data and methodologies reported by facilities under Regulation (EC) No 166/2006 for the purpose of preparing national greenhouse gas inventories; (d) data reported under Regulation (EC) No 1099/2008; (e) data collected via the geographical tracking of land areas in the context of existing Union and Member State ***programmes*** and surveys including the LUCAS Land Use Cover Area frame Survey and the European Earth observation ***programme*** Copernicus. 7204/1/17 REV 1 AT/st 123 ANNEX DGE 2B EN ANNEX CORRELATION TABLE Regulation (EU) No 525/2013 This Regulation Article 1 Article 1(1) Article 2 — Article 3 — Article 4 Article 14 Article 5 Article 30(1); 30(2); 30(6); Annex X Article 6 Article 30(3); 30(6) Article 7 Article 23(2); 23(3); 23(5); 23(6); Annex III Article 8 Article 23(1)(a); last subparagraph of Article 23(1); 23(6) Article 9 Article 30(4); 30(5) Article 10 Article 33 Article 11 — Article 12 Article 32 Article 13 Article 16(1)(a); 16(3); 16(4); Annex IV Article 14 Article 16(1)(b); 16(2); 16(3); 16(4); Annex V Article 15 Article 17(1); Annex VI, Part 1 Article 16 Article 17(2)(a); Annex VI, Part 2 Article 17 Article 17(2)(b); 17(3); 17(4); Annex VI, Part 3 Article 18 Article 15(2)(e); the second subparagraph of Article 15(2) Article 19 — Article 20 — Article 21 Article 25(1)(c); 25(4); 25(7) Article 22 — Article 23 Article 34(1)(d); 34(1)(e); 34(1)(f); 34(1)(g); 34(1)(h) Article 24 Article 35 Article 25 — 7204/1/17 REV 1 AT/st 124 ANNEX DGE 2B EN Article 26 Article 37 Article 27 — Article 28 Article 50 Article 29 —

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2. 2Aujourd'hui, 14 Feb 2018. [↑](#footnote-ref-3)
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70. 70Challenge, 19 Feb 2018. [↑](#footnote-ref-71)
71. 1This copy is computer generated. Text will vary in accuracy due to speaker dialect and audio quality issues. [↑](#footnote-ref-72)
72. 1A note on terminology: “Fair Trade movement” refers to the collection of civil society groups, ***producer*** organisations, certification bodies and consumers that work on, or participate in, Fair Trade initiatives involving ***agricultural*** products and also non-food items including handcrafts. “Fairtrade” or “FAIRTRADE Mark” relates specifically to Fairtrade International (the product certification body) and its 25 national labelling initiatives. [↑](#footnote-ref-73)
73. 2Consumers International, formerly known as the International Organisation of Consumers Unions, was started in 1960 by a group of five consumer organisations from the USA, Western Europe and Australia. By 2000 membership numbers increased to more than 225 from 115 countries. [↑](#footnote-ref-74)
74. 3Anderson (2015). Excerpts reproduced with permission of Palgrave Macmillan. [↑](#footnote-ref-75)
75. 4Tearfund became a member and charity shareholder of the Fairtrade Foundation in 2007. Traidcraft Exchange (Traidcraft’s charity) traces its origins to Tearfund and was a founding member of the Fairtrade Foundation. [↑](#footnote-ref-76)
76. 5Twin Trading’s innovative work led to the development of leading Fairtrade brands including: Cafédirect (1991), Divine Chocolate (1998), and Liberation Foods CIC (2007). [↑](#footnote-ref-77)
77. 6For additional details of archive collections and access arrangements for research please see Database of Archives of Non-Governmental Organisations [*www.dango.bham.ac.uk*](http://www.dango.bham.ac.uk)/ [↑](#footnote-ref-78)